

# **Charter Township of Chesterfield Macomb County, Michigan**

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**Financial Report  
with Supplemental Information  
December 31, 2007**

# Charter Township of Chesterfield

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Chesterfield  
Macomb County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Chesterfield, Michigan (the "Township") as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Chesterfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Chesterfield, Michigan as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Chesterfield, Michigan's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees  
Charter Township of Chesterfield

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Chesterfield, Michigan's basic financial statements. The accompanying other supplemental information and additional information, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2008 on our consideration of the Charter Township of Chesterfield, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

June 3, 2008

# Charter Township of Chesterfield

## Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Chesterfield, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Township's financial statements.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### The Charter Township of Chesterfield as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and other assets	\$ 32,880,606	\$ 30,465,213	\$ 17,171,711	\$ 18,129,910	\$ 50,052,317	\$ 48,595,123
Capital assets	24,596,376	24,424,172	53,898,174	54,076,458	78,494,550	78,500,630
Total assets	57,476,982	54,889,385	71,069,885	72,206,368	128,546,867	127,095,753
<b>Liabilities</b>						
Long-term liabilities	7,291,500	6,346,500	6,832,749	7,065,444	14,124,249	13,411,944
Other liabilities	15,446,377	14,658,935	2,706,900	2,641,833	18,153,277	17,300,768
Total liabilities	22,737,877	21,005,435	9,539,649	9,707,277	32,277,526	30,712,712
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	17,985,993	17,577,672	46,832,731	46,597,046	64,818,724	64,174,718
Restricted	11,651,416	9,970,161	7,241,386	6,959,846	18,892,802	16,930,007
Unrestricted	5,101,696	6,336,117	7,456,119	8,942,199	12,557,815	15,278,316
Total net assets	<u>\$ 34,739,105</u>	<u>\$ 33,883,950</u>	<u>\$ 61,530,236</u>	<u>\$ 62,499,091</u>	<u>\$ 96,269,341</u>	<u>\$ 96,383,041</u>

# Charter Township of Chesterfield

## Management's Discussion and Analysis (Continued)

The Township's combined net assets decreased .1 percent from a year ago - decreasing from \$96,383,043 to \$96,269,341. As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by \$1,234,421 for the governmental activities. This represents a decrease of approximately 19.5 percent. The current level of unrestricted net assets for our governmental activities stands at \$5,101,696, or about 28 percent of expenditures. This is within the targeted range set by the Township during its last budget process. Taking a look at the business-type activities expenses, we can see that they increased by \$1,434,186 from prior year. This increase was due to approximately \$900,000 of sewer maintenance and cleaning expenses and an increase in the water and sewer purchases from the City of Detroit of approximately \$600,000.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,941,854	\$ 2,929,270	\$ 7,605,823	\$ 7,341,450	\$ 10,547,677	\$ 10,270,720
Operating grants and contributions	491,236	569,752	-	-	491,236	569,752
Capital grants and contributions	603,545	809,700	2,308,124	2,351,042	2,911,669	3,160,742
General revenues:						
Property taxes	12,959,719	11,897,127	-	-	12,959,719	11,897,127
State-shared revenues	2,730,895	2,705,415	-	-	2,730,895	2,705,415
Investment earnings	1,060,980	965,680	758,009	818,168	1,818,989	1,783,848
Franchise fees	473,940	443,592	-	-	473,940	443,592
Transfers and other revenues	5,435	-	(5,435)	-	-	-
Total revenue	21,267,604	20,320,536	10,666,521	10,510,660	31,934,125	30,831,196
<b>Program Expenses</b>						
General government	4,115,942	3,931,335	-	-	4,115,942	3,931,335
Public safety	13,346,986	13,638,592	-	-	13,346,986	13,638,592
Street, sidewalks, and drains	1,630,332	1,682,625	-	-	1,630,332	1,682,625
Recreation and culture	1,143,711	863,814	-	-	1,143,711	863,814
Interest on long-term debt	175,478	114,893	-	-	175,478	114,893
Water and sewer	-	-	11,538,598	10,087,284	11,538,598	10,087,284
Brandenburg Park	-	-	96,778	113,906	96,778	113,906
Total expenses	20,412,449	20,231,259	11,635,376	10,201,190	32,047,825	30,432,449
<b>Change in Net Assets</b>	<b>\$ 855,155</b>	<b>\$ 89,277</b>	<b>\$ (968,855)</b>	<b>\$ 309,470</b>	<b>\$ (113,700)</b>	<b>\$ 398,747</b>



# **Charter Township of Chesterfield**

## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

The Township's total governmental revenues increased by \$947,068, despite decreases in building permits. The increase, which represents 4.7 percent, was primarily due to the continuing increase in property taxes. Although total governmental revenues reflected a minor gain, the severe decrease in building permits is a concern. Expenses increased by \$181,190 during the year primarily due to the construction of a senior walking path.

### **Business-type Activities**

The Township has two business-type activities. These include the Water and Sewer Fund and the Brandenburg Memorial Park Fund. Revenues for business-type activities were \$10,666,521. Water and sewer treatment is provided to Chesterfield residents through the Detroit water and sewer department. Revenues from water and sewer operations were \$10,573,286, including contributions from developers. Revenues from the Township's operation of Brandenburg Memorial Park were \$75,285.

### **The Township's Funds**

Our analysis of the Township's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, Police Fund, Fire Department Operating Fund, and Fire Department Equipment Fund.

The General Fund pays for a majority of the Township's governmental services. The General Fund ended 2007 with a fund balance of \$5,761,967. Revenues increased by \$414,384 due primarily to an increase in property taxes and an increase in grants. Expenditures increased by \$98,489.

The Fire Department Operating Fund is funded through a property tax millage. These funds are expended exclusively for the operations of the fire department. The Fire Department Operating Fund ended 2007 with a fund balance of \$216,631. Revenues decreased by \$78,137 due primarily to a hiring grant received in 2006. Expenditures decreased by \$144,939 due to a decrease in staffing.

The Fire Department Equipment Fund is funded through a property tax millage. These funds are expended exclusively for the housing, vehicles, and equipment used to support the Chesterfield Township Fire Department. The Fire Department Equipment Fund ended 2007 with a fund balance of \$3,675,506. Revenue increased by \$93,247 primarily due to increased property tax collections and interest income rates. Expenditures increased \$275,834 primarily due to building improvement bond payments and minor equipment purchases.

# **Charter Township of Chesterfield**

## **Management's Discussion and Analysis (Continued)**

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The Police Department Fund is funded by a special assessment. These funds are expended exclusively for the operations of the police department. The police department ended 2007 with a fund balance of \$5,273,407. Revenues increased by \$726,333 primarily due to increased property tax collections and interest income rates. Expenditures decreased by \$146,180 primarily due to a reduction in capital outlay.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget to take into account unanticipated events during the year. Actual revenues were below budgeted revenues by 5.3 percent. Actual expenditures were 12.9 percent below budget, resulting in a carryforward of funds for subsequent year expenditures. The Township completed the year with \$551,889 in revenues over expenditures.

### **Capital Asset and Debt Administration**

At the end of 2007, Chesterfield Township had \$78,494,550 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Macomb County Road Commission (along with the responsibility to maintain them).

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Chesterfield Township Finance Department or the clerk's office at 47275 Sugarbush, Chesterfield Township, Michigan 48047.

# Charter Township of Chesterfield

## Statement of Net Assets December 31, 2007

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 22,096,536	\$ 7,655,924	\$ 29,752,460	\$ 13,797
Receivables - Net:				
Property taxes	7,250,086	-	7,250,086	-
Customers	-	1,587,975	1,587,975	-
Special assessments	981,466	-	981,466	-
Accrued interest	107,298	131,670	238,968	-
Due from other governmental units	994,004	175,581	1,169,585	60,204
Due from component unit	60,204	-	60,204	-
Other	112,540	746	113,286	-
Internal balances (Note 4)	(207,996)	207,996	-	-
Prepaid expenditures	151,494	2,333	153,827	-
Inventories	-	168,100	168,100	-
Restricted assets (Note 7)	1,334,974	7,241,386	8,576,360	-
Capital assets (Note 3):				
Nondepreciable capital assets	3,773,405	409,484	4,182,889	-
Depreciable capital assets - Net	20,822,971	53,488,690	74,311,661	-
<b>Total assets</b>	<b>57,416,778</b>	<b>71,069,885</b>	<b>128,486,663</b>	<b>74,001</b>
<b>Liabilities</b>				
Accounts payable	418,878	974,184	1,393,062	65,988
Accrued and other liabilities	227,677	157,926	385,603	-
Deferred revenue (Note 5)	13,659,265	1,342,096	15,001,361	-
Noncurrent liabilities (Note 6):				
Due within one year	1,140,557	232,694	1,373,251	-
Due in more than one year	7,291,500	6,832,749	14,124,249	-
<b>Total liabilities</b>	<b>22,737,877</b>	<b>9,539,649</b>	<b>32,277,526</b>	<b>65,988</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	17,985,993	46,832,731	64,818,724	-
Restricted:				
Fire operating	211,468	-	211,468	-
Fire equipment	3,675,506	-	3,675,506	-
Police Fund	5,273,407	-	5,273,407	-
Building department	504,727	-	504,727	-
Debt service	656,641	-	656,641	-
Special assessment	93,550	-	93,550	-
Police renovation	1,236,117	-	1,236,117	-
Water and sewer bond ordinance	-	6,640,089	6,640,089	-
Water and sewer construction and maintenance	-	601,297	601,297	-
Unrestricted	5,101,696	7,456,119	12,557,815	8,013
<b>Total net assets</b>	<b>\$ 34,739,105</b>	<b>\$ 61,530,236</b>	<b>\$ 96,269,341</b>	<b>\$ 8,013</b>

# Charter Township of Chesterfield

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
General government	\$ 4,115,942	\$ 1,263,694	\$ 28,161	\$ -
Public safety	13,346,986	1,342,095	80,999	-
Public works	1,630,332	69,682	-	603,545
Recreation and culture	1,143,711	266,383	382,076	-
Interest on long-term debt	175,478	-	-	-
Total governmental activities	20,412,449	2,941,854	491,236	603,545
Business-type activities:				
Water Supply and Sewage Disposal System	11,538,598	7,530,747	-	2,308,124
Brandenburg Memorial Park Fund	96,778	75,076	-	-
Total business-type activities	11,635,376	7,605,823	-	2,308,124
Total primary government	<b>\$ 32,047,825</b>	<b>\$ 10,547,677</b>	<b>\$ 491,236</b>	<b>\$ 2,911,669</b>
Component units:				
Local Redevelopment Authority	\$ 309,207	\$ -	\$ 310,205	\$ -
Economic Development Corporation	720	-	-	-
Total component units	<b>\$ 309,927</b>	<b>\$ -</b>	<b>\$ 310,205</b>	<b>\$ -</b>
General revenues:				
Property taxes				
State-shared revenues				
Franchise fees				
Investment earnings				
Transfers (Note 4)				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended December 31, 2007**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,824,087)	\$ -	\$ (2,824,087)	\$ -
(11,923,892)	-	(11,923,892)	-
(957,105)	-	(957,105)	-
(495,252)	-	(495,252)	-
(175,478)	-	(175,478)	-
(16,375,814)	-	(16,375,814)	-
-	(1,699,727)	(1,699,727)	-
-	(21,702)	(21,702)	-
-	(1,721,429)	(1,721,429)	-
(16,375,814)	(1,721,429)	(18,097,243)	-
-	-	-	998
-	-	-	(720)
-	-	-	278
12,959,719	-	12,959,719	-
2,730,895	-	2,730,895	-
473,940	-	473,940	-
1,060,980	758,009	1,818,989	269
5,435	(5,435)	-	-
17,230,969	752,574	17,983,543	269
855,155	(968,855)	(113,700)	547
33,883,950	62,499,091	96,383,041	7,466
<b>\$ 34,739,105</b>	<b>\$ 61,530,236</b>	<b>\$ 96,269,341</b>	<b>\$ 8,013</b>

# Charter Township of Chesterfield

## Governmental Funds Balance Sheet December 31, 2007

	Major Special Revenue Funds					
	General Fund	Fire Department Operating Fund	Fire Department Equipment Fund	Police Department Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 2)	\$ 5,522,748	\$ 1,466,597	\$ 4,046,580	\$ 9,448,981	\$ 1,611,630	\$ 22,096,536
Receivables:						
Taxes	741,805	1,400,200	466,527	4,641,554	-	7,250,086
Special assessments	172,396	-	-	-	809,070	981,466
Accrued interest	20,314	737	24,983	59,477	1,788	107,299
Other	170,839	-	-	-	1,905	172,744
Due from other governmental units	969,850	-	-	24,154	-	994,004
Due from other funds (Note 4)	2,166	-	-	-	1,340,912	1,343,078
Prepaid expenditures	3,334	5,163	-	142,996	-	151,493
Restricted assets (Note 7)	1,334,974	-	-	-	-	1,334,974
<b>Total assets</b>	<b>\$ 8,938,426</b>	<b>\$ 2,872,697</b>	<b>\$ 4,538,090</b>	<b>\$ 14,317,162</b>	<b>\$ 3,765,305</b>	<b>\$ 34,431,680</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 73,107	\$ 8,121	\$ -	\$ 235,443	\$ 102,207	\$ 418,878
Accrued compensation	50,564	31,246	-	14,299	23,271	119,380
Accrued and other liabilities	1,514	-	-	2,775	-	4,289
Due to other funds (Note 4)	1,372,857	27,632	-	89,647	60,938	1,551,074
Deferred revenue (Note 5)	1,678,417	2,589,067	862,584	8,701,591	809,072	14,640,731
<b>Total liabilities</b>	<b>3,176,459</b>	<b>2,656,066</b>	<b>862,584</b>	<b>9,043,755</b>	<b>995,488</b>	<b>16,734,352</b>
<b>Fund Balances</b>						
Reserved for:						
Prepays	3,334	5,163	-	142,996	-	151,493
Drug enforcement	-	-	-	111,850	-	111,850
Unreserved - Designated for:						
Park improvement	10,721	-	-	-	-	10,721
Senior citizens	12,230	-	-	-	-	12,230
Unreserved - Reported in:						
General Fund	5,735,682	-	-	-	-	5,735,682
Special Revenue Funds	-	211,468	3,675,506	5,018,561	783,509	9,689,044
Debt Service Funds	-	-	-	-	656,641	656,641
Capital Projects Funds	-	-	-	-	1,329,667	1,329,667
<b>Total fund balances</b>	<b>5,761,967</b>	<b>216,631</b>	<b>3,675,506</b>	<b>5,273,407</b>	<b>2,769,817</b>	<b>17,697,328</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,938,426</b>	<b>\$ 2,872,697</b>	<b>\$ 4,538,090</b>	<b>\$ 14,317,162</b>	<b>\$ 3,765,305</b>	<b>\$ 34,431,680</b>

# Charter Township of Chesterfield

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## **Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets December 31, 2007**

<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 17,697,328</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	24,596,376
Certain receivables are expected to be collected over several years in the General Fund and are not available to pay for current year expenditures	981,466
Compensated absences are not due and payable in the current period and are not reported in the funds	(585,557)
Accrued interest payable on long-term debt is not recorded in the funds	(104,008)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(7,846,500)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 34,739,105</u></b>

# Charter Township of Chesterfield

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2007

	Major Special Revenue Funds					
	General Fund	Fire Department Operating Fund	Fire Department Equipment Fund	Police Department Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 1,496,363	\$ 2,438,161	\$ 812,244	\$ 8,206,441	\$ -	\$ 12,953,209
Intergovernmental	2,723,208	-	-	-	-	2,723,208
Permits and fees	14,920	-	-	-	788,427	803,347
Grants and reimbursements	1,386,656	-	7,687	49,614	258,982	1,702,939
Charges for services	240,220	-	-	-	-	240,220
Special assessments	61,787	-	-	-	173,801	235,588
Investment income	308,765	68,740	168,454	414,753	94,874	1,055,586
Other income	595,062	95,707	-	478,390	26,995	1,196,154
<b>Total revenue</b>	<b>6,826,981</b>	<b>2,602,608</b>	<b>988,385</b>	<b>9,149,198</b>	<b>1,343,079</b>	<b>20,910,251</b>
<b>Expenditures</b>						
Current:						
General government	5,360,890	-	-	-	-	5,360,890
Public safety	-	3,266,187	577,925	8,125,151	1,311,583	13,280,846
Road maintenance and repair	377,693	-	-	-	-	377,693
Recreation and culture	541,934	-	-	-	230,026	771,960
Debt service:						
Principal	-	-	70,000	-	275,000	345,000
Interest and other charges	-	-	132,773	-	56,574	189,347
Capital outlay	-	-	-	-	305,926	305,926
<b>Total expenditures</b>	<b>6,280,517</b>	<b>3,266,187</b>	<b>780,698</b>	<b>8,125,151</b>	<b>2,179,109</b>	<b>20,631,662</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>546,464</b>	<b>(663,579)</b>	<b>207,687</b>	<b>1,024,047</b>	<b>(836,030)</b>	<b>278,589</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from issuance of long-term debt	-	-	-	-	1,500,000	1,500,000
Transfers in (Note 4)	5,435	-	-	-	103,621	109,056
Transfers out (Note 4)	-	-	-	-	(103,621)	(103,621)
<b>Total other financing sources</b>	<b>5,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>	<b>1,505,435</b>
<b>Net Change in Fund Balances</b>	<b>551,899</b>	<b>(663,579)</b>	<b>207,687</b>	<b>1,024,047</b>	<b>663,970</b>	<b>1,784,024</b>
<b>Fund Balances - Beginning of year</b>	<b>5,210,068</b>	<b>880,210</b>	<b>3,467,819</b>	<b>4,249,360</b>	<b>2,105,847</b>	<b>15,913,304</b>
<b>Fund Balances - End of year</b>	<b>\$ 5,761,967</b>	<b>\$ 216,631</b>	<b>\$ 3,675,506</b>	<b>\$ 5,273,407</b>	<b>\$ 2,769,817</b>	<b>\$ 17,697,328</b>



# Charter Township of Chesterfield

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2007**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,784,024</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	1,778,643
Depreciation is recorded as an expense in the statement of activities but not in the governmental funds	(1,606,439)
Certain revenue reported in the statement of activities will not provide current financial resources in the governmental funds until future years	(51,989)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities, where it reduces long-term debt	500,000
Interest expense is recorded when incurred in the statement of activities	(8,929)
Increase in compensated absences is recorded when earned in the statement of activities	(40,155)
Proceeds from the issuance of long-term debt are not reported as other financing sources on the statement of activities	<u>(1,500,000)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 855,155</u></b>

# Charter Township of Chesterfield

## Proprietary Funds Statement of Net Assets December 31, 2007

	Major Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	Water and Sewer Fund	Brandenburg Memorial Park Fund	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 7,631,550	\$ 24,374	\$ 7,655,924
Accounts receivable	1,587,975	-	1,587,975
Interest receivable	131,670	-	131,670
Prepaid expenses	2,333	-	2,333
Due from other funds (Note 4)	207,996	-	207,996
Due from other governmental units	175,581	-	175,581
Other receivables	746	-	746
Inventories	168,100	-	168,100
Total current assets	9,905,951	24,374	9,930,325
Noncurrent assets:			
Restricted assets (Note 7)	7,241,386	-	7,241,386
Capital assets - Net (Note 3):			
Nondepreciable assets	409,484	-	409,484
Depreciable capital assets - Net	52,409,218	1,079,472	53,488,690
Total noncurrent assets	60,060,088	1,079,472	61,139,560
Total assets	69,966,039	1,103,846	71,069,885
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	973,056	1,128	974,184
Accrued and other liabilities	157,926	-	157,926
Deferred revenue (Note 5)	1,342,096	-	1,342,096
Current portion of long-term debt (Note 6)	232,694	-	232,694
Total current liabilities	2,705,772	1,128	2,706,900
Noncurrent liabilities - Long-term debt - Net of current portion (Note 6)	6,832,749	-	6,832,749
Total liabilities	9,538,521	1,128	9,539,649
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	45,753,259	1,079,472	46,832,731
Restricted for water and sewer bond ordinance	6,640,089	-	6,640,089
Water and sewer construction and maintenance	601,297	-	601,297
Unrestricted	7,432,873	23,246	7,456,119
Total net assets	<u>\$ 60,427,518</u>	<u>\$ 1,102,718</u>	<u>\$ 61,530,236</u>

# Charter Township of Chesterfield

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007

	Major Enterprise Fund	Nonmajor Enterprise Fund	Total
	Water and Sewer Fund	Brandenburg Memorial Park Fund	Enterprise Funds
<b>Operating Revenue</b>			
Water revenue	\$ 3,483,600	\$ -	\$ 3,483,600
Sewage disposal revenues	3,884,664	-	3,884,664
Fees	-	73,314	73,314
Other	10,363	1,762	12,125
Total operating revenue	7,378,627	75,076	7,453,703
<b>Operating Expenses</b>			
Personnel services	2,022,475	29,488	2,051,963
Supplies	273,707	7,978	281,685
Depreciation	1,727,791	-	1,727,791
Other services and charges	7,215,805	59,312	7,275,117
Total operating expenses	11,239,778	96,778	11,336,556
<b>Operating Loss</b>	(3,861,151)	(21,702)	(3,882,853)
<b>Nonoperating Revenue (Expense)</b>			
Interest income	757,800	209	758,009
Capital income	1,583,207	-	1,583,207
Interest expense	(275,435)	-	(275,435)
Total nonoperating revenue	2,065,572	209	2,065,781
<b>Loss - Before contributions and transfers out</b>	(1,795,579)	(21,493)	(1,817,072)
<b>Capital Contributed from Grants and Developers</b>	853,652	-	853,652
<b>Transfers Out</b> (Note 4)	(5,435)	-	(5,435)
<b>Change in Net Assets</b>	(947,362)	(21,493)	(968,855)
<b>Net Assets - Beginning of year</b>	61,374,880	1,124,211	62,499,091
<b>Net Assets - End of year</b>	<u>\$ 60,427,518</u>	<u>\$ 1,102,718</u>	<u>\$ 61,530,236</u>

# Charter Township of Chesterfield

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2007

	Enterprise Funds		
	Water and Sewer Fund	Brandenberg Memorial Park Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 7,760,763	\$ 75,076	\$ 7,835,839
Payments to suppliers	(7,662,313)	(39,045)	(7,701,358)
Payments to employees	(2,028,479)	(29,488)	(2,057,967)
Other payments	(239,438)	(3,105)	(242,543)
Net cash (used in) provided by operating activities	(2,169,467)	3,438	(2,166,029)
<b>Cash Flows from Noncapital Financing Activities</b> - Transfer to other funds	(5,435)	-	(5,435)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Contributions from state grants	597,048	-	597,048
Contributions from customers	1,594,077	-	1,594,077
Principal and interest paid on long-term debt	(693,871)	-	(693,871)
Purchase of capital assets	(1,321,148)	(6,450)	(1,327,598)
Net cash provided by (used in) capital and related financing activities	176,106	(6,450)	169,656
<b>Cash Flows from Investing Activities</b> - Interest received on investments	757,846	209	758,055
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,240,950)	(2,803)	(1,243,753)
<b>Cash and Cash Equivalents</b> - Beginning of year	16,113,886	27,177	16,141,063
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 14,872,936</u>	<u>\$ 24,374</u>	<u>\$ 14,897,310</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and cash equivalents	\$ 7,631,550	\$ 24,374	\$ 7,655,924
Restricted assets (Note 7)	7,241,386	-	7,241,386
Total cash and cash equivalents	<u>\$ 14,872,936</u>	<u>\$ 24,374</u>	<u>\$ 14,897,310</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (3,861,151)	\$ (21,702)	\$ (3,882,853)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	1,727,791	28,245	1,756,036
Changes in assets and liabilities:			
Receivables	(273,288)	21	(273,267)
Inventories	(4,359)	-	(4,359)
Due from other funds	(8,364)	(16)	(8,380)
Other assets	453	-	453
Accounts payable	181,175	-	181,175
Accrued and other liabilities	1,536	(3,110)	(1,574)
Deferred revenue	66,740	-	66,740
Net cash (used in) provided by operating activities	<u>\$ (2,169,467)</u>	<u>\$ 3,438</u>	<u>\$ (2,166,029)</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2007, developers constructed water and sewer lines with an estimated value of \$256,604 and donated them to the Township's Water and Sewer Fund.

# Charter Township of Chesterfield

## Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2007

	Other Postemployment Benefit Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 5,990,832
Accrued interest receivable	-	5,717
Total assets	-	<u><u>\$ 5,996,549</u></u>
<b>Liabilities</b>		
Bonds and deposits	-	\$ 1,079,794
Cash held on behalf of the Library	-	1,307,620
Due to other governmental units	-	3,455,119
Due to others	-	154,016
Total liabilities	-	<u><u>\$ 5,996,549</u></u>
<b>Net Assets</b> - Held in trust for other postemployment benefits	<u><u>\$ -</u></u>	

# Charter Township of Chesterfield

## **Fiduciary Funds** **Statement of Changes in Fiduciary Net Assets** **Year Ended December 31, 2007**

	Other Post- employment Benefit Trust Fund
<b>Additions</b> - Investment earnings	\$ 41,373
<b>Deductions</b> - Transfer to MERS-sponsored plan	<u>(988,768)</u>
<b>Change in Net Assets</b>	(947,395)
<b>Net Assets</b>	
Beginning of year	<u>947,395</u>
End of year	<u><u>\$ -</u></u>

# Charter Township of Chesterfield

## Component Units Combining Statement of Net Assets December 31, 2007

	Component Units		
	Local Redevelopment Authority	Economic Development Corporation	Total
<b>Assets</b>			
Cash and cash equivalents (Note 2)	\$ 6,782	\$ 7,015	\$ 13,797
Receivables - Due from other governmental units	<u>60,204</u>	<u>-</u>	<u>60,204</u>
Total assets	66,986	7,015	74,001
<b>Liabilities</b> - Accounts payable	<u>65,988</u>	<u>-</u>	<u>65,988</u>
<b>Net Assets</b> - Unrestricted	<u>\$ 998</u>	<u>\$ 7,015</u>	<u>\$ 8,013</u>

# Charter Township of Chesterfield

## Component Units Combining Statement of Changes in Net Assets Year Ended December 31, 2007

		Net (Expense) Revenue and Changes in Net Assets			
		Component Units			
	Program Revenues - Operating Grants and Contributions	Local Redevelopment Authority	Economic Development Corporation	Total	
Expenses					
Component units:					
Local Redevelopment Authority - Community and economic development	\$ 309,207	\$ 310,205	\$ 998	\$ -	\$ 998
Economic Development Corporation - General government	720	-	-	(720)	(720)
Total component units	<u>\$ 309,927</u>	<u>\$ 310,205</u>	998	(720)	278
<b>General Revenues - Investment earnings</b>		-	269	269	
<b>Change in Net Assets</b>		998	(451)	547	
<b>Net Assets - Beginning of year</b>		-	7,466	7,466	
<b>Net Assets - End of year</b>		<u>\$ 998</u>	<u>\$ 7,015</u>	<u>\$ 8,013</u>	



# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Charter Township of Chesterfield, Michigan (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

#### **Reporting Entity**

The Charter Township of Chesterfield was organized on December 4, 1989 under the provisions of Act 359 of P.A. 1947, as amended (Charter Township Act). The Charter Township of Chesterfield, Michigan is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable.

**Discretely Presented Component Units** - The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

The Local Redevelopment Authority (LRA) was created to provide for the redevelopment of the Army Garrison Seville Manor - Housing Unit, including the identification of reuse needs, the preparation and implementation of a redevelopment plan, and such other incidental ownership, management, maintenance, and redevelopment services and improvements as are necessary. The LRA board is comprised of the three full-time officials of the Township. The LRA prepares separately issued financial statements. This report can be obtained from the Township Municipal Building, at 47275 Sugarbush, Chesterfield Township, Michigan 48047.

The Economic Development Corporation (EDC) was formed to alleviate and prevent conditions of unemployment, to assist and retain local industries and commercial enterprises in order to strengthen and revitalize the economy of Chesterfield Township, MI. The EDC board is comprised of nine members, of which not more than three can be members of the Township board.

# **Charter Township of Chesterfield**

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## **Notes to Financial Statements December 31, 2007**

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred revenue liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the Township.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire Department Operating Fund** - The Fire Department Operating Fund accounts for the operations related to its full-service fire department. The main source of revenue for the Fire Department Operating Fund comes from a voter-approved millage on real and personal property. The approved millage for the Fire Department Operating Fund is to be used for fire operations.

**Fire Department Equipment Fund** - The Fire Department Equipment Fund accounts for the purchase of fire equipment related to its full-service fire department. The main source of revenue for the Fire Department Equipment Fund comes from a voter-approved millage on real and personal property. The approved millage for the Fire Department Equipment Fund is to be used for the purchase of fire equipment.

**Police Department Fund** - The Police Department Fund is a full-service department that provides public safety needs for the Township and its residents. The main source of revenue for the police department comes from a voter-approved special assessment millage on all real property.

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary fund:

**Water and Sewer Fund** - The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.

Additionally, the Township reports the following fund types:

**Other Postemployment Benefits Trust Fund** - The Other Postemployment Benefits Trust Fund accounts for the activities of the monies that are being set aside to fund future retiree healthcare costs.

**Agency Funds** - The Agency Funds record primarily tax collections received and remitted to other units of government (the county, school districts, etc.) as well as building bonds and deposits, and cash held on behalf of the Chesterfield Township Library, held for temporary periods. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2006 tax is levied and collectible on December 1, 2006. It is the Township's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Charter Township of Chesterfield totaled \$1.764 billion, on which ad valorem taxes levied consisted of .8061 mills for operating purposes, 1.3858 mills for fire operating purposes, .4617 mills for acquisition of fire equipment, and 5.0 mills for police operating purposes. The police millage is on real property only. This resulted in \$1.42 million for operating purposes, \$3.25 million for fire purposes, and \$8.14 million for police purposes. These amounts are recognized in the respective General and Special Revenue Funds financial statements as tax revenue.

#### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of an allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - A Township ordinance requires amounts to be set aside in the Water and Sewer Major Enterprise Fund for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the County being held for the construction or debt service of the Township's sewer lines.

Restricted assets in the General Fund represents unspent bond proceeds to be used for police renovations.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

All capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Buildings and improvements	20 years
Furniture, fixtures, and equipment	5-20 years
Water and sewer distribution systems	50 years

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick, vacation pay, and comp time benefits. A liability for unused sick leave is reported in the governmental funds because the Township has a policy to pay employees for unused sick time at the beginning of each year. All unused sick, vacation pay, and comp time are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted sources.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Comparative Data** - Comparative total data for the prior year has been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated 13 banks for the deposit of its funds.

The investment policy adopted by the Township in accordance with Public Act 196 of 1997 has authorized investment in U.S. Treasuries, U.S. agencies, instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$37,817,113 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$1,300,000 was covered by federal depository insurance and \$36,517,113 was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.



# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 2 - Deposits and Investments (Continued)

**Credit Risk** - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not place additional limitations relating to credit risk. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pools	\$ 5,404,299	PI	Moody's

### Note 3 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2007	Additions	Disposals and Reclassifications	Balance December 31, 2007
<b>Governmental Activities</b>				
Other governmental capital assets:				
Capital assets not being depreciated:				
Land	\$ 3,138,617	\$ 91,699	\$ -	\$ 3,230,316
Construction in progress	-	543,089	-	543,089
Subtotal	3,138,617	634,788	-	3,773,405
Capital assets being depreciated:				
Buildings	13,259,945	9,975	-	13,269,920
Improvements other than buildings	1,018,467	-	(132,360)	886,107
Machinery and equipment	7,245,673	713,934	(805,721)	7,153,886
Infrastructure	12,039,748	419,946	938,081	13,397,775
Subtotal	33,563,833	1,143,855	-	34,707,688
Accumulated depreciation:				
Buildings	5,535,093	607,749	-	6,142,842
Improvements other than buildings	529,111	-	-	529,111
Machinery and equipment	3,956,616	631,327	-	4,587,943
Infrastructure	2,257,458	367,363	-	2,624,821
Subtotal	12,278,278	1,606,439	-	13,884,717
Net capital assets being depreciated	21,285,555	(462,584)	-	20,822,971
Net governmental activities capital assets	\$ 24,424,172	\$ (370,885)	\$ -	\$ 24,596,376

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 3 - Capital Assets (Continued)

	Balance January 1, 2007	Additions	Disposals and Reclassifications	Balance December 31, 2007
<b>Business-type Activities</b>				
Capital assets not being depreciated -				
Land	\$ 409,484	\$ -	\$ -	\$ 409,484
Capital assets being depreciated:				
Buildings	7,079,264	8,760	-	7,088,024
Improvements other than buildings	2,477,882	6,450	-	2,484,332
Machinery and equipment	1,123,789	94,650	-	1,218,439
Infrastructure	<u>53,169,731</u>	<u>1,467,892</u>	<u>-</u>	<u>54,637,623</u>
Subtotal	63,850,666	1,577,752	-	65,428,418
Accumulated depreciation:				
Buildings	455,867	351,515	-	807,382
Improvements other than buildings	618,871	81,060	550,033	1,249,964
Machinery and equipment	1,114,377	100,073	(550,033)	664,417
Infrastructure	<u>7,994,577</u>	<u>1,223,388</u>	<u>-</u>	<u>9,217,965</u>
Subtotal	<u>10,183,692</u>	<u>1,756,036</u>	<u>-</u>	<u>11,939,728</u>
Net capital assets being depreciated	<u>53,666,974</u>	<u>(178,284)</u>	<u>-</u>	<u>53,488,690</u>
Net business-type activities capital assets	<u>\$ 54,076,458</u>	<u>\$ (178,284)</u>	<u>\$ -</u>	<u>\$ 53,898,174</u>

Depreciation expense was charged to programs of the primary government as follows:

#### Governmental activities:

General government	\$ 385,295
Public safety and compliance	789,789
Public works	367,363
Recreation and culture	<u>63,992</u>

Total governmental activities \$ 1,606,439

#### Business-type activities:

Water and Sewer Fund	\$ 1,727,791
Brandenburg Memorial Park Fund	<u>28,245</u>

Total business-type activities \$ 1,756,036

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 3 - Capital Assets (Continued)

**Construction Commitments** - The Township has active construction projects at year end. The projects include the sanitary sewer cleaning project. At year end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sanitary sewer cleaning project	\$ 737,097	\$ 259,003

### Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Police Department Fund	\$ 1,300
	Fire Department Operating Fund	772
	Nonmajor governmental funds	94
	Total General Fund	2,166
Nonmajor governmental funds	General Fund	1,340,797
	Nonmajor governmental funds	115
	Total nonmajor governmental funds	1,340,912
Water and Sewer Fund	General Fund	32,060
	Fire Department Operating Fund	26,860
	Police Department Fund	88,347
	Nonmajor governmental funds	60,729
	Total Water and Sewer Fund	207,996
	Total	\$ 1,551,074

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Water and Sewer Major Fund	General Fund	\$ 5,435
Nonmajor governmental funds	Nonmajor governmental funds	<u>103,621</u>
	Total	<u>\$ 109,056</u>

The transfers from the General Fund to the Water and Sewer Fund represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations. Also, the transfers between nonmajor governmental funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

### Note 5 - Deferred Revenue

**Statement of Net Assets** - On the statement of net assets, the deferred revenue in the governmental activities represents property taxes levied on December 1, 2007, but recognized as revenue in the year ended December 31, 2008 when the proceeds of the levy are budgeted and available for financing operations. The deferred revenue in the business-type activities represents money paid by customers for the right to tap into the Township's water and sewer lines. However, as of December 31, 2007, the right has not been exercised.

**Governmental Funds Balance Sheet** - Governmental funds reported deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue recorded on the governmental funds balance sheet are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	\$ -	\$ 13,659,265	\$ 13,659,265
Special assessments	981,466	-	981,466
Water and sewer taps	<u>-</u>	<u>1,342,096</u>	<u>1,342,096</u>
Total	<u>\$ 981,466</u>	<u>\$ 15,001,361</u>	<u>\$ 15,982,827</u>

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 6 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate Range	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental activities:						
General obligation bonds:						
Fire Station Building Bonds	3.25% to 5.25%	\$70,000 - \$315,000	\$ 3,321,500	\$ (70,000)	\$ 3,251,500	\$ 70,000
2007 Capital Improvement Bonds	4.00% to 4.25%	\$50,000 - \$100,000	-	1,500,000	1,500,000	50,000
Installment Purchase Agreements - Police Building	6.10% to 6.25%	\$155,000 - \$275,000	1,870,000	(155,000)	1,715,000	165,000
Special Assessment Bonds:						
Paving District 138	5.10% to 5.20%	\$70,000	280,000	(70,000)	210,000	70,000
Paving District 142	4.25%	\$15,000 - \$20,000	80,000	(15,000)	65,000	15,000
Paving District 140 and 143	4.13% to 4.50%	\$35,000 - \$40,000	220,000	(40,000)	180,000	35,000
Paving District 148	2.40% to 3.50%	\$150,000 - \$175,000	1,075,000	(150,000)	925,000	150,000
Total bond and notes payable			6,846,500	1,000,000	7,846,500	555,000
Other long-term obligations - Compensated absences			545,402	40,155	585,557	585,557
Total governmental activities			\$ 7,391,902	\$ 1,040,155	\$ 8,432,057	\$ 1,140,557

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 6 - Long-term Debt (Continued)

	Interest Rate Range	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due within One Year
Business-type activities:						
General Obligation Bonds - D.P.W. Building Bonds	3.25% to 5.25%	\$130,000 - \$546,000	\$ 6,168,500	\$ (130,000)	\$ 6,038,500	\$ 130,000
Installment Purchase Agreements - Water and sewer improvements	2.25%	\$102,694 - \$122,255	1,129,638	(102,694)	1,026,944	102,694
County Contractual Obligations - Act 342 Waste Water Extension	7.00%	\$164,800 - \$181,274	181,274	(181,274)	-	-
Total business-type activities			<u>\$ 7,479,412</u>	<u>\$ (413,968)</u>	<u>\$ 7,065,444</u>	<u>\$ 232,694</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ended December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 555,000	\$ 336,755	\$ 232,694	\$ 261,704
2009	600,000	310,499	302,585	250,806
2010	605,000	283,534	302,585	240,099
2011	595,000	257,255	372,475	229,904
2012	635,000	229,535	437,475	216,729
2013-2017	2,265,000	749,480	2,369,130	841,958
2018-2022	1,797,500	368,298	2,502,500	402,253
2023 and thereafter	794,000	58,206	546,000	11,944
Total	<u>\$ 7,846,500</u>	<u>\$ 2,593,562</u>	<u>\$ 7,065,444</u>	<u>\$ 2,455,397</u>

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 7 - Restricted Assets

Restricted assets in the General Fund relate to unspent bond proceeds for the police renovations project. Specific assets of the Water and Sewer Fund have been restricted for operations and maintenance and debt service. Restricted assets at December 31, 2007 consist of cash and cash equivalents and money held on deposit with other governmental units and are reserved in accordance with the water and sewer bond ordinance requirements. The following is the detail of restricted assets at December 31, 2007:

Water and Sewer Fund:

Restricted assets from bond ordinance:

Cash and cash equivalents	\$ 6,640,089
Less current liabilities payable from restricted assets	<u>(232,694)</u>

Net restricted assets from bond ordinances	6,407,395
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Cash held at Macomb County	<u>601,297</u>
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Total Water and Sewer Fund	<u><u>\$ 7,008,692</u></u>
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### Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal League Risk Pool for claims relating to workers' compensation and participates in the Michigan Townships' Participating Plan for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League Risk Pool Program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Townships' Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### **Note 9 - Defined Contribution Pension Plan**

The Township provides pension benefits to all police and dispatch employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Township ordinance, the Township contributes 12 percent of each covered employee's base earnings and the employee contributes 2 percent of his or her base earnings. Employees may make additional voluntary contributions. In accordance with these requirements, the Township contributed approximately \$206,000 during the current year and the employees contributed approximately \$45,000. During 2007, police and command switched to a defined benefit plan sponsored by MERS.

### **Note 10 - Defined Benefit Pension Plan**

#### **General Employees**

**Plan Description** - The Township participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Township, except for volunteer firemen, police, and command. The MERS provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplemental information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy** - The obligation to contribute to and maintain the MERS for these employees was established by the Township's board of trustees and requires a contribution from the employees of 2 percent of base wages and a contribution from the employer initially set at 9.68 percent of participating employees' base wages.

**Annual Pension Cost** - For the year ended December 31, 2007, the Township's annual pension cost of \$498,516 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return and (b) projected salary increases of 4.5 percent per year plus percentage based on age-related scale to reflect merit, longevity, and promotional salary increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis for the general administration division, and on an open basis for the public works, public safety dispatch, public safety officers, public safety sergeants, and executive divisions. The remaining amortization period is 30 years.



# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 10 - Defined Benefit Pension Plan (Continued)

	Fiscal Year Ended December 31		
	2005	2006	2007
Annual pension costs (APC)	\$ 438,394	\$ 460,980	\$ 498,516
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

The Township began participating in the MERS plan in 2004.

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/04	\$ 3,268,067	\$ 6,213,485	\$ 2,945,418	53.00	\$ 4,767,138	62.00
12/31/05	3,997,370	7,217,061	3,219,691	55.40	5,149,977	62.52
12/31/06	4,891,010	8,161,100	3,270,090	59.93	5,616,845	58.23

### Police and Command Employees

**Plan Description** - Beginning in 2007, the Township began participating in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan for the police and command union employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units. The police agreement requires a contribution from the employer of 10.27 percent and 10.03 percent for police and command, respectively. Currently, the employees are not required to contribute.

# Charter Township of Chesterfield

## Notes to Financial Statements December 31, 2007

### Note 10 - Defined Benefit Pension Plan (Continued)

**Annual Pension Cost** - For the year ended December 31, 2007, the Township incurred \$199,163 in annual pension costs for the police but did not incur a pension cost for command. The annual required contribution was determined by the initial actuarial valuation dated November 1, 2007 for police and December 1, 2007 for command.

The valuations used the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 3 percent to 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The standard amortization period to fund the unfunded liability is 25 years for positive unfunded liabilities and 10 years for negative unfunded liabilities (the amortization period is reestablished with each valuation).

**Three-year Trend Information** - Because 2007 is the initial year of benefits, three-year trend information is not yet available. Both plans have received one actuarial valuation, summarized as follows:

	Police	Command
Actuarial value of assets	\$ -	\$ -
Actuarial accrued liability	4,848,566	3,595,331
Unfunded AAL	4,848,566	3,595,331
Funded ratio	0.0%	0.0%
Covered payroll	2,686,303	1,260,610
UAAL as a percentage of covered payroll	55.4%	35.1%

# Charter Township of Chesterfield

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## Notes to Financial Statements December 31, 2007

### **Note 11 - Other Postemployment Benefits**

Postretirement benefits, other than pension benefits, are provided to all full-time employees of the Township. These benefits include certain healthcare and life insurance benefits. All employees with 15 years of service and who are at least 55 years old at retirement are eligible to receive these benefits. Such benefits are accounted for on a cash basis so that payments during the current period represent benefit coverage for currently retired employees or their beneficiaries. Currently, 13 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2007, the Township made payments for postemployment health benefit premiums of \$150,045. The Township obtains healthcare coverage through private insurers. In the current year, the Township transferred funds previously held in a Township trust fund to an agent-sponsored multiple employer plan with MERS. In the current year, the Township contributed approximately \$1,115,970 to MERS to be used for other postemployment benefits.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

## **Required Supplemental Information**

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# Charter Township of Chesterfield

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenues and Other Financing Sources</b>	\$ 7,176,440	\$ 7,211,530	\$ 6,832,416	\$ (379,114)
<b>Expenditures and Other Financing Uses</b>				
General government:				
Township board	46,910	46,910	42,796	4,114
Township supervisor	111,690	111,690	108,615	3,075
Elections	197,330	197,330	154,394	42,936
General administration	1,870,880	1,870,880	1,868,666	2,214
Accounting	303,900	303,900	270,592	33,308
Assessing	495,160	495,160	468,654	26,506
Township clerk	248,870	248,870	237,600	11,270
Human resources	74,900	74,900	74,524	376
Board of Review	3,000	3,750	3,712	38
Township treasurer	338,220	338,220	330,166	8,054
Township hall and grounds	1,346,770	1,346,770	1,207,528	139,242
Anchor Bay Harbor storm sewer	41,000	41,000	10,325	30,675
Planning Commission	63,270	63,270	37,423	25,847
Zoning Board of Appeals	17,280	17,280	9,016	8,264
Planning and zoning administration	265,220	265,220	229,120	36,100
Community Development Block Grant	305,000	335,000	307,759	27,241
Local Redevelopment Authority	-	-	-	-
Streets, sidewalks, and drains	738,000	738,000	340,233	397,767
Culture and recreation	668,380	678,380	541,934	136,446
Enforcement officers	-	35,000	37,460	(2,460)
Total expenditures and other financing uses	7,135,780	7,211,530	6,280,517	931,013
<b>Excess of Revenues Over Expenditures</b>	40,660	-	551,899	551,899
<b>Fund Balance - Beginning of year</b>	5,210,068	5,210,068	5,210,068	-
<b>Fund Balance - End of year</b>	<u>\$ 5,250,728</u>	<u>\$ 5,210,068</u>	<u>\$ 5,761,967</u>	<u>\$ 551,899</u>

# Charter Township of Chesterfield

## Required Supplemental Information Budgetary Comparison Schedule Fire Department Operating Fund - Major Special Revenue Funds Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenues and Other Financing Sources</b>	\$ 3,598,240	\$ 3,598,240	\$ 2,602,608	\$ (995,632)
<b>Expenditures and Other Financing Uses</b>				
Personnel services	2,971,420	2,971,420	2,646,128	325,292
Supplies	36,200	36,200	30,571	5,629
Other services and charges	590,620	590,620	589,488	1,132
Total expenditures and other financing uses	3,598,240	3,598,240	3,266,187	332,053
<b>Excess of Expenditures Over Revenues</b>	-	-	(663,579)	(663,579)
<b>Fund Balance - Beginning of year</b>	880,210	880,210	880,210	-
<b>Fund Balance - End of year</b>	<u>\$ 880,210</u>	<u>\$ 880,210</u>	<u>\$ 216,631</u>	<u>\$ (663,579)</u>

# Charter Township of Chesterfield

## Required Supplemental Information Budgetary Comparison Schedule Fire Department Equipment Fund - Major Special Revenue Funds Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenues and Other Financing Sources</b>	\$ 890,070	\$ 890,070	\$ 988,385	\$ 98,315
<b>Expenditures and Other Financing Uses</b>				
Supplies	50,000	50,000	30,097	19,903
Debt service	202,780	202,780	202,773	7
Capital outlay	637,290	637,290	547,828	89,462
Total expenditures and other financing uses	890,070	890,070	780,698	109,372
<b>Excess of Revenues Over Expenditures</b>	-	-	207,687	207,687
<b>Fund Balance - Beginning of year</b>	3,467,819	3,467,819	3,467,819	-
<b>Fund Balance - End of year</b>	<u>\$ 3,467,819</u>	<u>\$ 3,467,819</u>	<u>\$ 3,675,506</u>	<u>\$ 207,687</u>

# Charter Township of Chesterfield

## Required Supplemental Information Budgetary Comparison Schedule Police Department Fund - Major Special Revenue Funds Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenues and Other Financing Sources</b>	\$ 8,893,700	\$ 8,893,700	\$ 9,149,198	\$ 255,498
<b>Expenditures and Other Financing Uses</b>				
Personnel services	7,096,000	7,096,000	6,575,433	520,567
Supplies	427,500	427,500	297,514	129,986
Other services and charges	321,500	321,500	333,209	(11,709)
Capital outlay	180,000	180,000	113,179	66,821
Dispatch services	868,700	868,700	805,816	62,884
Total expenditures and other financing uses	8,893,700	8,893,700	8,125,151	768,549
<b>Excess of Revenues Over Expenditures</b>	-	-	1,024,047	1,024,047
<b>Fund Balance - Beginning of year</b>	4,249,360	4,249,360	4,249,360	-
<b>Fund Balance - End of year</b>	<u>\$ 4,249,360</u>	<u>\$ 4,249,360</u>	<u>\$ 5,273,407</u>	<u>\$ 1,024,047</u>



# Charter Township of Chesterfield

## Notes to Required Supplemental Information December 31, 2007

### Note 1 - Reconciliation of Budgeted Amounts to Basic Financial Statements

The budgetary comparison schedules for the General and Major Special Revenue Funds are presented on the same basis of accounting used in preparing the adopted budget. Following is a reconciliation of the budgetary comparison schedule to the governmental funds (statement of revenues, expenditures, and changes in fund balances):

	General Fund		Fire Department Operating Fund		Fire Department Equipment Fund		Police Department Fund	
	Total Revenue	Total Expenditures	Total Revenue	Total Expenditures	Total Revenue	Total Expenditures	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 6,826,981	\$ 6,280,517	\$ 2,602,608	\$ 3,266,187	\$ 988,385	\$ 780,698	\$ 9,149,198	\$ 8,125,151
Operating transfers budgeted as revenue and expenditures on budget statement	5,435	-	-	-	-	-	-	-
Amounts per budget statement	<u>\$ 6,832,416</u>	<u>\$ 6,280,517</u>	<u>\$ 2,602,608</u>	<u>\$ 3,266,187</u>	<u>\$ 988,385</u>	<u>\$ 780,698</u>	<u>\$ 9,149,198</u>	<u>\$ 8,125,151</u>

### Note 2 - Budgetary Information

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that (1) operating transfers have been included in the revenue and expenditures categories, rather than as other financing sources (uses) and (2) retroactive wage adjustments are recorded in the period settled and paid, rather than reporting estimates during the period that the services were rendered. All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

After the end of the year, several union contracts were approved. These required retroactive pay to employees in several departments. For generally accepted accounting principles purposes, since the liability was known and estimated at year end, it was required to be recorded.

# **Charter Township of Chesterfield**

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## **Notes to Required Supplemental Information December 31, 2007**

### **Note 2 - Budgetary Information (Continued)**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before September 1, the Township supervisor, finance department, and respective department heads prepare a proposed operating budget for the fiscal year commencing January 1 and submit it to the board. One to two study sessions are held at an open meeting with the board in order to answer any questions. The budget must be adopted through a passage of a budget resolution no later than the last board meeting in December.
2. Public hearings are conducted to obtain citizen comments.
3. The legislative budget is adopted by fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the board receives requests to amend the activity budget. All amendments by departments must be approved by a vote of the Township board.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Township did not incur any expenditures that were significantly in excess of the amounts budgeted.

## **Other Supplemental Information**

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# Charter Township of Chesterfield

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2007 and 2006

	Nonmajor Special Revenue Funds					Total Nonmajor Governmental Funds	
	Building	Parks and Recreation	Recreation Land Acquisition	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	2007	2006
<b>Assets</b>							
Cash and investments	\$ 546,098	\$ 250,711	\$ 25,260	\$ 696,011	\$ 93,550	\$ 1,611,630	\$ 2,198,204
Receivables:							
Special assessments	-	-	-	809,070	-	809,070	982,869
Accrued interest	582	952	254	-	-	1,788	4,559
Other	1,905	-	-	-	-	1,905	-
Due from other funds	-	-	3,001	2,937	1,334,974	1,340,912	5,843
Total assets	<u>\$ 548,585</u>	<u>\$ 251,663</u>	<u>\$ 28,515</u>	<u>\$ 1,508,018</u>	<u>\$ 1,428,524</u>	<u>\$ 3,765,305</u>	<u>\$ 3,191,475</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,954	\$ 1,396	-	\$ -	\$ 98,857	\$ 102,207	\$ 14,886
Accrued and other liabilities	23,271	-	-	-	-	23,271	29,643
Due to other funds	18,633	-	-	42,305	-	60,938	58,230
Deferred revenue	-	-	-	809,072	-	809,072	982,869
Total liabilities	43,858	1,396	-	851,377	98,857	995,488	1,085,628
<b>Fund Balances - Unreserved -</b>							
Undesignated	<u>504,727</u>	<u>250,267</u>	<u>28,515</u>	<u>656,641</u>	<u>1,329,667</u>	<u>2,769,817</u>	<u>2,105,847</u>
Total liabilities and fund balances	<u>\$ 548,585</u>	<u>\$ 251,663</u>	<u>\$ 28,515</u>	<u>\$ 1,508,018</u>	<u>\$ 1,428,524</u>	<u>\$ 3,765,305</u>	<u>\$ 3,191,475</u>

# Charter Township of Chesterfield

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Years Ended December 31, 2007 and 2006

	Nonmajor Special Revenue Funds					Total Nonmajor Governmental Funds	
	Building	Parks and Recreation	Recreation Land Acquisition	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	2007	2006
<b>Revenue</b>							
Permits and fees	\$ 788,427	\$ -	\$ -	\$ -	\$ -	\$ 788,427	\$ 720,954
Grants and reimbursements	-	258,982	-	-	-	258,982	268,506
Special assessments	-	-	-	173,801	-	173,801	265,937
Investment income	36,689	9,134	1,314	47,737	-	94,874	127,773
Other income	26,995	-	-	-	-	26,995	12,042
<b>Total revenue</b>	<b>852,111</b>	<b>268,116</b>	<b>1,314</b>	<b>221,538</b>	<b>-</b>	<b>1,343,079</b>	<b>1,395,212</b>
<b>Expenditures</b>							
Current:							
Public safety	1,290,606	-	-	-	20,977	1,311,583	1,401,832
Public works	-	63,020	-	-	242,906	305,926	12,322
Recreation and culture	-	230,026	-	-	-	230,026	235,162
Debt service:							
Principal	-	-	-	275,000	-	275,000	327,000
Interest and fiscal charges	-	-	-	56,574	-	56,574	67,677
<b>Total expenditures</b>	<b>1,290,606</b>	<b>293,046</b>	<b>-</b>	<b>331,574</b>	<b>263,883</b>	<b>2,179,109</b>	<b>2,043,993</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(438,495)</b>	<b>(24,930)</b>	<b>1,314</b>	<b>(110,036)</b>	<b>(263,883)</b>	<b>(836,030)</b>	<b>(648,781)</b>
<b>Other Financing Sources (Uses)</b>							
Proceeds from issuance of debt	-	-	-	-	1,500,000	1,500,000	-
Transfers in (out)	-	-	-	103,621	(103,621)	-	(13,304)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,621</b>	<b>1,396,379</b>	<b>1,500,000</b>	<b>(13,304)</b>
<b>Net Change in Fund Balances</b>	<b>(438,495)</b>	<b>(24,930)</b>	<b>1,314</b>	<b>(6,415)</b>	<b>1,132,496</b>	<b>663,970</b>	<b>(662,085)</b>
<b>Fund Balances - Beginning of year</b>	<b>943,222</b>	<b>275,197</b>	<b>27,201</b>	<b>663,056</b>	<b>197,171</b>	<b>2,105,847</b>	<b>2,767,932</b>
<b>Fund Balances - End of year</b>	<b>\$ 504,727</b>	<b>\$ 250,267</b>	<b>\$ 28,515</b>	<b>\$ 656,641</b>	<b>\$ 1,329,667</b>	<b>\$ 2,769,817</b>	<b>\$ 2,105,847</b>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet - General Fund December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash and investments	\$ 5,522,748	\$ 4,222,878
Taxes receivable	741,805	1,200,140
Special assessments	172,396	50,586
Accrued interest receivable	20,314	22,895
Due from others	170,839	535,811
Due from other governmental units	969,850	891,638
Due from other funds	2,166	687
Prepays and other	3,334	-
Restricted assets	1,334,974	-
Total assets	<u><u>\$ 8,938,426</u></u>	<u><u>\$ 6,924,635</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 73,107	\$ 155,825
Accrued compensation	50,564	50,691
Accrued and other liabilities	1,514	2,521
Due to other funds	1,372,857	32,279
Deferred revenue	1,678,417	1,473,251
Total liabilities	3,176,459	1,714,567
<b>Fund Balance</b>		
Reserved for prepaid expenditures	3,334	-
Unreserved - Designated for:		
Park improvement	10,721	10,051
Senior citizens	12,230	12,182
Unreserved - Undesignated	5,735,682	5,187,835
Total fund balance	<u>5,761,967</u>	<u>5,210,068</u>
Total liabilities and fund balance	<u><u>\$ 8,938,426</u></u>	<u><u>\$ 6,924,635</u></u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenues</b>		
Property taxes:		
General operating millage	\$ 1,418,754	\$ 1,312,525
Penalties and interest	77,609	23,173
Total property taxes	1,496,363	1,335,698
Trailer park fees	6,510	6,179
Licenses and registration	8,410	8,491
Intergovernmental - State-shared revenue	2,723,208	2,705,415
Charges for services:		
Zoning Board of Appeals	11,400	16,195
Platting and review fees	25,133	43,580
Rezoning fees	8,206	2,850
Street lighting	69,682	76,588
Industrial facility exemption fees	2,225	6,125
Summer tax roll preparation fees	27,991	57,619
Total charges for services	144,637	202,957
Parks and recreation programs	95,583	112,378
Interest and investment earnings	308,765	264,032
Grants and reimbursements:		
Interfund equipment and building charges	377,000	385,500
Community Development Block Grant	307,759	14,331
Other grants	74,317	81,372
Administration reimbursements	627,580	657,050
Total grants and reimbursements	1,386,656	1,138,253
Miscellaneous:		
Franchise fees	473,940	452,366
Miscellaneous sales and receipts	115,728	169,048
Special assessments	61,787	13,435
Interest on special assessments	5,394	4,345
Total miscellaneous	656,849	639,194
Total revenues	6,826,981	6,412,597

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Continued) Years Ended December 31, 2007 and 2006

	2007	2006
<b>Expenditures</b>		
General governmental:		
Township board:		
Personnel services	\$ 41,007	\$ 39,586
Other services and charges	1,789	1,232
Total Township board	42,796	40,818
Township supervisor:		
Personnel services	107,520	106,465
Supplies	230	1,357
Other services and charges	865	542
Total Township supervisor	108,615	108,364
Elections:		
Personnel services	130,406	155,714
Supplies	17,414	15,420
Other services and charges	6,574	18,873
Total elections	154,394	190,007
General administrative:		
Personnel services	1,187,238	1,162,452
Other services and charges	681,428	598,545
Total general administrative	1,868,666	1,760,997
Accounting:		
Personnel services	266,859	271,629
Supplies	1,983	2,975
Other services and charges	1,750	453
Total accounting	270,592	275,057
Assessing:		
Personnel services	452,250	433,831
Supplies	11,054	8,942
Other services and charges	5,350	11,530
Total assessing	468,654	454,303
Township clerk:		
Personnel services	231,809	222,832
Supplies	2,553	2,983
Other services and charges	3,238	2,401
Total Township clerk	237,600	228,216



# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Continued) Years Ended December 31, 2007 and 2006

	2007	2006
<b>Expenditures (Continued):</b>		
General governmental (Continued):		
Human resource:		
Personnel services	\$ 73,431	\$ 69,937
Supplies	993	803
Other services and charges	100	1,124
Total human resource	74,524	71,864
Board of Review:		
Personnel services	3,075	1,512
Other services and charges	637	922
Total Board of Review	3,712	2,434
Township treasurer:		
Personnel services	305,547	296,906
Supplies	2,417	1,687
Other services and charges	22,202	20,151
Total Township treasurer	330,166	318,744
Township halls and grounds:		
Personnel services	364,925	373,953
Supplies	33,205	31,869
Other services and charges	451,598	496,251
Debt service:		
Principal	155,000	338,231
Interest	111,101	129,932
Capital outlay	91,699	216,547
Total Township halls and grounds	1,207,528	1,586,783
Anchor Bay Harbor Storm Sewer - Other services and charges	10,325	19,986
Planning Commission:		
Personnel services	15,353	17,918
Other services and charges	22,070	20,143
Total Planning Commission	37,423	38,061
Zoning Board of Appeals:		
Personnel services	5,369	8,092
Supplies	102	18
Other services and charges	3,545	1,522
Total Zoning Board of Appeals	9,016	9,632

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Continued) Years Ended December 31, 2007 and 2006

	2007	2006
<b>Expenditures (Continued):</b>		
General governmental (Continued):		
Planning and zoning administration:		
Personnel services	\$ 226,346	\$ 248,580
Supplies	1,413	2,889
Other services and charges	1,361	1,255
Total planning and zoning administration	229,120	252,724
Community Development Block Grant - Other services and charges	307,759	14,331
Total general governmental	5,360,890	5,372,321
Streets, sidewalks, and drains - Road care and street lighting -		
Other services and charges	377,693	174,959
Culture and recreation:		
Youth activity center:		
Supplies	600	720
Other services and charges	12,191	16,922
Total youth activity center	12,791	17,642
Parks and recreation:		
Personnel services	223,928	224,294
Supplies	6,225	6,243
Other services and charges	50,478	66,513
Capital outlay	-	73,074
Total parks and recreation	280,631	370,124
Senior citizens center:		
Personnel services	105,425	103,507
Supplies	4,211	4,142
Other services and charges	138,876	139,333
Total senior citizens center	248,512	246,982
Total culture and recreation	541,934	634,748
Total expenditures	6,280,517	6,182,028

# Charter Township of Chesterfield

## **Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (Continued) Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Excess of Revenues Over Expenditures</b>	\$ 546,464	\$ 230,569
<b>Other Financing Sources (Uses)</b>		
Transfers in	5,435	13,304
Transfers out	<u>-</u>	<u>(20,477)</u>
Total other financing sources (uses)	<u>5,435</u>	<u>(7,173)</u>
<b>Net Change in Fund Balance</b>	551,899	223,396
<b>Fund Balance - Beginning of year</b>	<u>5,210,068</u>	<u>4,986,672</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 5,761,967</b></u>	<u><b>\$ 5,210,068</b></u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet Fire Department Operating Fund - Major Special Revenue Fund December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash and investments	\$ 1,466,597	\$ 1,227,573
Taxes receivable	1,400,200	2,085,468
Accrued interest receivable	737	128,931
Other assets	5,163	-
Total assets	<u><u>\$ 2,872,697</u></u>	<u><u>\$ 3,441,972</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,121	\$ 34,504
Accrued compensation	31,246	26,563
Accrued and other liabilities	-	21,600
Due to other funds	27,632	33,329
Deferred revenue	2,589,067	2,445,766
Total liabilities	2,656,066	2,561,762
<b>Fund Balance</b>		
Reserved	5,163	-
Unreserved	211,468	880,210
Total fund balance	216,631	880,210
Total liabilities and fund balance	<u><u>\$ 2,872,697</u></u>	<u><u>\$ 3,441,972</u></u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance Fire Department Operating Fund - Major Special Revenue Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenues</b>		
Property taxes	\$ 2,438,161	\$ 2,256,481
Interest and investment earnings	68,740	88,734
Miscellaneous	95,707	335,530
Total revenues	2,602,608	2,680,745
<b>Expenditures</b>		
Personnel services:		
Salaries and wages	1,685,449	1,796,439
Payroll taxes	119,378	128,907
Insurance	485,613	462,384
Pension	355,688	315,991
Total personnel services	2,646,128	2,703,721
Supplies:		
Office and operating	19,464	28,921
Uniforms	11,107	17,097
Total supplies	30,571	46,018
Other services and charges:		
Contracted services	29,151	34,346
Professional services	14,700	3,980
Dues and memberships	1,364	1,614
Printing and publications	1,468	1,880
Telephone	15,331	15,970
Travel, conferences, and training	12,863	16,205
Administration	85,220	100,890
Gas, oil, and repairs	78,405	99,516
Insurance	111,363	126,412
Utilities	57,551	71,771
Building maintenance	9,775	9,562
Equipment maintenance	21,933	24,391
Dispatch service	66,000	59,850
Hydrant rental	84,000	83,440
Miscellaneous	364	11,560
Total other services and charges	589,488	661,387
Total expenditures	3,266,187	3,411,126
<b>Excess of Expenditures Over Revenues</b>	(663,579)	(730,381)
<b>Other Financing Sources - Transfers in</b>	-	15,360
<b>Net Change in Fund Balance</b>	(663,579)	(715,021)
<b>Fund Balance - Beginning of year</b>	880,210	1,595,231
<b>Fund Balance - End of year</b>	<u>\$ 216,631</u>	<u>\$ 880,210</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet Fire Department Equipment Fund - Major Special Revenue Fund December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash and investments	\$ 4,046,580	\$ 3,578,309
Taxes receivable	466,527	694,813
Accrued interest receivable	24,983	22,109
Due from other funds	-	694
Total assets	<u><u>\$ 4,538,090</u></u>	<u><u>\$ 4,295,925</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 13,264
Deferred revenue	<u>862,584</u>	<u>814,842</u>
Total liabilities	862,584	828,106
<b>Fund Balance - Unreserved</b>	<u>3,675,506</u>	<u>3,467,819</u>
Total liabilities and fund balance	<u><u>\$ 4,538,090</u></u>	<u><u>\$ 4,295,925</u></u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance Fire Department Equipment Fund - Major Special Revenue Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenues</b>		
Property taxes	\$ 812,244	\$ 751,723
Interest and other	<u>176,141</u>	<u>143,415</u>
Total revenues	988,385	895,138
<b>Expenditures</b>		
Supplies - Uniforms	30,097	79,168
Debt service:		
Principal	70,000	70,000
Interest	<u>132,773</u>	<u>136,448</u>
Total debt service	202,773	206,448
Capital outlay:		
Equipment and vehicles	547,710	46,906
Building improvements	<u>118</u>	<u>172,342</u>
Total capital outlay	<u>547,828</u>	<u>219,248</u>
Total expenditures	<u>780,698</u>	<u>504,864</u>
<b>Excess of Revenues Over Expenditures</b>	207,687	390,274
<b>Other Financing Sources</b> - Transfers in	<u>-</u>	<u>5,117</u>
<b>Net Change in Fund Balance</b>	207,687	395,391
<b>Fund Balance</b> - Beginning of year	<u>3,467,819</u>	<u>3,072,428</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 3,675,506</u></u>	<u><u>\$ 3,467,819</u></u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet Police Department Fund - Major Special Revenue Fund December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash and investments	\$ 9,448,981	\$ 5,655,312
Accrued interest receivable	59,477	38,504
Taxes receivable	4,641,554	7,023,214
Due from other governmental units	24,154	18,546
Other assets	142,996	82,471
	<u>                    </u>	<u>                    </u>
Total assets	<u><u>\$ 14,317,162</u></u>	<u><u>\$ 12,818,047</u></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 235,443	\$ 63,980
Accrued compensation	14,299	180,510
Accrued liabilities - Other	2,775	1,740
Due to other funds	89,647	83,002
Deferred revenue	8,701,591	8,239,455
	<u>                    </u>	<u>                    </u>
Total liabilities	9,043,755	8,568,687
<b>Fund Balance</b>		
Reserved	254,846	193,593
Unreserved	5,018,561	4,055,767
	<u>                    </u>	<u>                    </u>
Total fund balance	5,273,407	4,249,360
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u><u>\$ 14,317,162</u></u>	<u><u>\$ 12,818,047</u></u>



# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Police Department Fund - Major Special Revenue Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenues</b>		
Property taxes	\$ 8,206,441	\$ 7,547,046
Fines	103,752	81,060
Interest and investment earnings	414,753	337,381
Grants	49,614	99,686
Miscellaneous	125,630	122,062
Liquor licenses	20,217	19,154
Dispatch revenue	228,791	216,476
	<hr/>	<hr/>
Total revenues	9,149,198	8,422,865
<b>Expenditures</b>		
Personnel services:		
Salaries and wages	3,908,734	3,924,958
Payroll taxes	306,701	271,924
Insurance	882,615	891,783
Pension	741,196	664,625
	<hr/>	<hr/>
Total personnel services	5,839,246	5,753,290
Supplies:		
Office and operating	72,760	71,076
Uniforms	60,374	39,954
	<hr/>	<hr/>
Total supplies	133,134	111,030
Other services and charges:		
Contracted services	217,311	192,925
Professional services	87,481	108,181
Dues and memberships	610	574
Telephone	69,650	63,542
Travel, conferences, and training	47,000	56,491
Administration	181,000	174,000
Rent - Building and other	267,000	275,500
Printing and publications	4,572	13,028
Gas, oil, and repairs	181,466	179,832
Insurance	44,112	47,486
Utilities	67,364	64,054
Building maintenance	25,513	17,628
Equipment maintenance	15,563	31,104
Miscellaneous	25,134	4,733
	<hr/>	<hr/>
Total other services and charges	1,233,776	1,229,078

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Police Department Fund Major Special Revenue Fund (Continued) Years Ended December 31, 2007 and 2006

	2007	2006
<b>Expenditures</b> (Continued)		
Capital outlay - Equipment and vehicles	\$ 113,179	\$ 448,567
Dispatch services:		
Personnel services	804,706	728,870
Other services and charges	1,110	496
Total dispatch services	805,816	729,366
Total expenditures	8,125,151	8,271,331
<b>Excess of Revenues Over Expenditures</b>	1,024,047	151,534
<b>Fund Balance</b> - Beginning of year	4,249,360	4,097,826
<b>Fund Balance</b> - End of year	<u>\$ 5,273,407</u>	<u>\$ 4,249,360</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet Building Department - Special Revenue Fund December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash and investments	\$ 546,098	\$ 1,000,408
Accrued interest receivable	582	3,856
Other receivables	1,905	-
Total assets	<u>\$ 548,585</u>	<u>\$ 1,004,264</u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,954	\$ 12,768
Accrued compensation	23,271	29,643
Due to other funds	18,633	18,631
Total liabilities	43,858	61,042
<b>Fund Balance - Unreserved</b>	<u>504,727</u>	<u>943,222</u>
Total liabilities and fund balance	<u>\$ 548,585</u>	<u>\$ 1,004,264</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Building Department - Special Revenue Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenues</b>		
Permits and fees	\$ 788,427	\$ 720,954
Interest and investment earnings	36,689	56,506
Miscellaneous	26,995	12,042
Total revenues	852,111	789,502
<b>Expenditures</b>		
Personnel services:		
Salaries and wages	642,435	675,728
Payroll taxes	49,787	51,827
Insurance	184,777	185,336
Pension	145,428	133,598
Total personnel services	1,022,427	1,046,489
Supplies - Office and operating supplies	4,425	4,539
Other services and charges:		
Contracted services	5,248	25,950
Professional services	13,000	17,560
Dues and memberships	1,410	1,790
Travel, conferences, and training	6,434	5,820
Rent - Building and other	96,000	96,000
Printing and publications	1,843	1,672
Computer usage and maintenance	7,500	7,500
Gas, oil, and repairs	21,091	26,934
Insurance	19,442	20,101
Equipment maintenance	4,370	4,918
Miscellaneous	87,416	108,999
Capital outlay	-	33,560
Total other services and charges	263,754	350,804
Total expenditures	1,290,606	1,401,832
<b>Excess of Expenditures Over Revenues</b>	(438,495)	(612,330)
<b>Fund Balance - Beginning of year</b>	943,222	1,555,552
<b>Fund Balance - End of year</b>	<u>\$ 504,727</u>	<u>\$ 943,222</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet Parks and Recreation - Special Revenue Fund December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash and investments	\$ 250,711	\$ 276,921
Accrued interest receivable	<u>952</u>	<u>394</u>
Total assets	<u><b>\$ 251,663</b></u>	<u><b>\$ 277,315</b></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b> - Accounts payable	\$ 1,396	\$ 2,118
<b>Fund Balance</b>	<u>250,267</u>	<u>275,197</u>
Total liabilities and fund balance	<u><b>\$ 251,663</b></u>	<u><b>\$ 277,315</b></u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Parks and Recreation - Special Revenue Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenues</b>		
Fund-raisers and donations:		
Youth basketball and softball	\$ 44,470	\$ 37,391
Basketball	27,670	29,613
Flag football	14,337	16,506
Golf league	6,226	5,930
Miscellaneous	166,279	179,066
Interest earnings	9,134	8,005
	<u>268,116</u>	<u>276,511</u>
Total revenues	268,116	276,511
<b>Expenditures</b>		
Personnel services:		
Salaries and wages	40,849	36,882
Payroll taxes	3,125	2,822
	<u>43,974</u>	<u>39,704</u>
Total personnel services	43,974	39,704
Parks and recreation:		
Youth basketball and softball	37,849	34,111
Basketball	20,859	16,432
Flag football	11,775	13,170
Golf league	5,824	5,556
Miscellaneous	109,745	126,189
	<u>186,052</u>	<u>195,458</u>
Total parks and recreation	186,052	195,458
Public works - Park property improvement	63,020	-
	<u>293,046</u>	<u>235,162</u>
Total expenditures	293,046	235,162
<b>Excess of Revenues (Under) Over Expenditures</b>	(24,930)	41,349
<b>Other Financing Uses - Transfers out</b>	-	(13,304)
<b>Net Change in Fund Balance</b>	(24,930)	28,045
<b>Fund Balance - Beginning of year</b>	275,197	247,152
<b>Fund Balance - End of year</b>	<u>\$ 250,267</u>	<u>\$ 275,197</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Balance Sheet Recreation Land Acquisition - Special Revenue Fund December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Cash and investments	\$ 25,260	\$ 23,891
Accrued interest receivable	254	309
Due from other funds	<u>3,001</u>	<u>3,001</u>
Total assets	<u><b>\$ 28,515</b></u>	<u><b>\$ 27,201</b></u>
<b>Fund Balance - Unreserved and undesignated</b>	<u><b>\$ 28,515</b></u>	<u><b>\$ 27,201</b></u>

## Charter Township of Chesterfield

### **Other Supplemental Information Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Recreation Land Acquisition - Special Revenue Fund Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Revenue - Interest and other</b>	\$ 1,314	\$ 1,164
<b>Expenditures</b>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	1,314	1,164
<b>Fund Balance - Beginning of year</b>	<u>27,201</u>	<u>26,037</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 28,515</u></u>	<u><u>\$ 27,201</u></u>



# Charter Township of Chesterfield

## Other Supplemental Information Comparative Combining Balance Sheet - Nonmajor Debt Service Funds December 31, 2007 and 2006

	Nonmajor Debt Service Fund					Total Nonmajor Debt Service Funds	
	Paving 133, 134, and 136	Paving 138	Paving 140 and 143	Paving 142	Paving 148	2007	2006
<b>Assets</b>							
Cash and investments	\$ 118,459	\$ 65,001	\$ 187,057	\$ 31,204	\$ 294,290	\$ 696,011	\$ 699,162
Special assessments receivable	-	73,497	83,715	25,139	626,719	809,070	982,869
Due from other funds	2,822	-	115	-	-	2,937	2,842
Total assets	<u>\$ 121,281</u>	<u>\$ 138,498</u>	<u>\$ 270,887</u>	<u>\$ 56,343</u>	<u>\$ 921,009</u>	<u>\$ 1,508,018</u>	<u>\$ 1,684,873</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Due to other funds	\$ 37,408	\$ -	\$ -	\$ -	\$ 4,897	\$ 42,305	\$ 38,948
Deferred revenue	-	73,498	83,715	25,139	626,720	809,072	982,869
Total liabilities	37,408	73,498	83,715	25,139	631,617	851,377	1,021,817
<b>Fund Balances - Unreserved -</b>							
Undesignated	83,873	65,000	187,172	31,204	289,392	656,641	663,056
Total liabilities and fund balances	<u>\$ 121,281</u>	<u>\$ 138,498</u>	<u>\$ 270,887</u>	<u>\$ 56,343</u>	<u>\$ 921,009</u>	<u>\$ 1,508,018</u>	<u>\$ 1,684,873</u>

# Charter Township of Chesterfield

## Other Supplemental Information

### Comparative Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Debt Service Funds Years Ended December 31, 2007 and 2006

	Nonmajor Debt Service Funds					Total Nonmajor Debt Service Funds	
	Paving 133, 134, and 136	Paving 138	Paving 140 and 143	Paving 142	Paving 148	2007	2006
<b>Revenue</b>							
Special assessments	\$ 3,752	\$ 17,260	\$ 24,288	\$ 8,611	\$ 119,890	\$ 173,801	\$ 265,937
Investment income	408	4,899	6,955	2,528	32,947	47,737	62,098
Total revenue	4,160	22,159	31,243	11,139	152,837	221,538	328,035
<b>Expenditures - Debt service</b>							
Principal	-	70,000	40,000	15,000	150,000	275,000	327,000
Interest and fiscal charges	-	12,858	8,846	3,544	31,326	56,574	67,677
Total expenditures	-	82,858	48,846	18,544	181,326	331,574	394,677
<b>Excess of Revenue Over (Under) Expenditures</b>	4,160	(60,699)	(17,603)	(7,405)	(28,489)	(110,036)	(66,642)
<b>Other Financing Sources - Transfers in</b>	-	-	103,621	-	-	103,621	-
<b>Net Change in Fund Balances</b>	4,160	(60,699)	86,018	(7,405)	(28,489)	(6,415)	(66,642)
<b>Fund Balances - Beginning of year</b>	79,713	125,699	101,154	38,609	317,881	663,056	729,698
<b>Fund Balances - End of year</b>	<b>\$ 83,873</b>	<b>\$ 65,000</b>	<b>\$ 187,172</b>	<b>\$ 31,204</b>	<b>\$ 289,392</b>	<b>\$ 656,641</b>	<b>\$ 663,056</b>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Combining Balance Sheet - Nonmajor Capital Project Funds December 31, 2007 and 2006

	Nonmajor Capital Project Funds				Total Nonmajor Capital Project Funds	
	Paving 140 and 143	Paving 142	Paving 148	Police Renovation	2007	2006
<b>Assets</b>						
Cash and investments	\$ -	\$ 80,480	\$ 13,070	\$ -	\$ 93,550	\$ 197,822
Due from other funds	-	-	-	1,334,974	1,334,974	-
Total assets	<u>\$ -</u>	<u>\$ 80,480</u>	<u>\$ 13,070</u>	<u>\$ 1,334,974</u>	<u>\$ 1,428,524</u>	<u>\$ 197,822</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b> - Accounts payable	\$ -	\$ -	\$ -	\$ 98,857	\$ 98,857	\$ 651
<b>Fund Balances</b> - Unreserved - Undesignated	-	80,480	13,070	1,236,117	1,329,667	197,171
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 80,480</u>	<u>\$ 13,070</u>	<u>\$ 1,334,974</u>	<u>\$ 1,428,524</u>	<u>\$ 197,822</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Capital Project Funds Years Ended December 31, 2007 and 2006

	Nonmajor Capital Project Funds				Total Nonmajor Capital Project Funds	
	Paving 140 and 143	Paving 142	Paving 148	Police Renovation	2007	2006
<b>Revenue</b> - Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Public works	-	-	-	-	-	12,322
Public safety	-	-	-	263,883	263,883	-
Total expenditures	-	-	-	263,883	263,883	12,322
<b>Excess of Expenditures Over Revenues</b>	-	-	-	(263,883)	(263,883)	(12,322)
<b>Other Financing Sources (Uses)</b>						
Transfers out	(103,621)	-	-	-	(103,621)	-
Proceeds from issuance of long-term debt	-	-	-	1,500,000	1,500,000	-
Total other financing sources (uses)	(103,621)	-	-	1,500,000	1,396,379	-
<b>Net Change in Fund Balances</b>	(103,621)	-	-	1,236,117	1,132,496	(12,322)
<b>Fund Balances</b> - Beginning of year	103,621	80,480	13,070	-	197,171	209,493
<b>Fund Balances</b> - End of year	<u>\$ -</u>	<u>\$ 80,480</u>	<u>\$ 13,070</u>	<u>\$ 1,236,117</u>	<u>\$ 1,329,667</u>	<u>\$ 197,171</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Net Assets Enterprise Funds December 31, 2007 and 2006

	Water and Sewer Fund		Brandenburg Memorial Park Fund		Total Enterprise Funds	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 7,631,550	\$ 9,154,040	\$ 24,374	\$ 27,177	\$ 7,655,924	\$ 9,181,217
Accounts receivable	1,587,975	1,476,642	-	-	1,587,975	1,476,642
Interest receivable	131,670	146,042	-	21	131,670	146,063
Prepaid expenses	2,333	2,786	-	-	2,333	2,786
Due from other funds	207,996	199,632	-	-	207,996	199,632
Due from other governmental units	175,581	-	-	-	175,581	-
Other receivables	746	-	-	-	746	-
Inventories	168,100	163,741	-	-	168,100	163,741
Total current assets	9,905,951	11,142,883	24,374	27,198	9,930,325	11,170,081
Noncurrent assets:						
Restricted assets	7,241,386	6,959,846	-	-	7,241,386	6,959,846
Capital assets - Net:						
Nondepreciable	409,484	409,484	-	-	409,484	409,484
Depreciable - Net	52,409,218	52,565,707	1,079,472	1,101,267	53,488,690	53,666,974
Total noncurrent assets	60,060,088	59,935,037	1,079,472	1,101,267	61,139,560	61,036,304
Total assets	69,966,039	71,077,920	1,103,846	1,128,465	71,069,885	72,206,385
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	973,056	791,881	1,128	4,238	974,184	796,119
Accrued and other liabilities	157,926	156,390	-	-	157,926	156,390
Deferred revenue	1,342,096	1,275,356	-	-	1,342,096	1,275,356
Due to other funds	-	-	-	16	-	16
Current portion of long-term debt	232,694	413,968	-	-	232,694	413,968
Total current liabilities	2,705,772	2,637,595	1,128	4,254	2,706,900	2,641,849
Noncurrent liabilities - Long-term debt - Net of current portion	6,832,749	7,065,444	-	-	6,832,749	7,065,444
Total liabilities	9,538,521	9,703,039	1,128	4,254	9,539,649	9,707,293
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	45,753,259	45,495,779	1,079,472	1,101,267	46,832,731	46,597,046
Restricted for water and sewer bond ordinance	6,640,089	6,365,048	-	-	6,640,089	6,365,048
Water and sewer construction and maintenance	601,297	594,798	-	-	601,297	594,798
Unrestricted	7,432,873	8,919,256	23,246	22,944	7,456,119	8,942,200
Total net assets	<u>\$ 60,427,518</u>	<u>\$ 61,374,881</u>	<u>\$ 1,102,718</u>	<u>\$ 1,124,211</u>	<u>\$ 61,530,236</u>	<u>\$ 62,499,092</u>

# Charter Township of Chesterfield

## Other Supplemental Information

### Comparative Statement of Revenue, Expenses, and Changes in Net Assets

### Enterprise Funds

### Years Ended December 31, 2007 and 2006

	Water and Sewer Fund		Brandenburg Memorial Park Fund		Total Enterprise Funds	
	2007	2006	2007	2006	2007	2006
<b>Operating Revenue</b>						
Water revenue	\$ 3,483,600	\$ 3,582,549	\$ -	\$ -	\$ 3,483,600	\$ 3,582,549
Sewage disposal revenues	3,884,664	3,886,623	-	-	3,884,664	3,886,623
Fees	-	-	73,314	67,955	73,314	67,955
Other	10,363	-	1,762	2,939	12,125	2,939
Total operating revenue	7,378,627	7,469,172	75,076	70,894	7,453,703	7,540,066
<b>Operating Expenses</b>						
Personnel services	2,022,476	1,952,181	29,488	40,211	2,051,964	1,992,392
Supplies	273,707	309,290	7,978	5,385	281,685	314,675
Other services and charges	8,943,596	7,515,552	59,312	68,310	9,002,908	7,583,862
Total operating expenses	11,239,779	9,777,023	96,778	113,906	11,336,557	9,890,929
<b>Operating Loss</b>	(3,861,152)	(2,307,851)	(21,702)	(43,012)	(3,882,854)	(2,350,863)
<b>Nonoperating Revenue (Expense)</b>						
Interest income	757,800	817,460	209	708	758,009	818,168
Capital income	1,583,207	861,644	-	-	1,583,207	861,644
Special assessments	-	974	-	-	-	974
Interest expense	(275,435)	(306,560)	-	-	(275,435)	(306,560)
Total nonoperating revenue	2,065,572	1,373,518	209	708	2,065,781	1,374,226
<b>Loss - Before contributions and transfers out</b>	(1,795,580)	(934,333)	(21,493)	(42,304)	(1,817,073)	(976,637)
<b>Capital Contributed from Grants and Developers</b>	853,652	1,286,107	-	-	853,652	1,286,107
<b>Transfers Out</b>	(5,435)	-	-	-	(5,435)	-
<b>Change in Net Assets</b>	(947,363)	351,774	(21,493)	(42,304)	(968,856)	309,470
<b>Net Assets - Beginning of year</b>	61,374,881	61,023,107	1,124,211	1,166,515	62,499,092	62,189,622
<b>Net Assets - End of year</b>	<u>\$ 60,427,518</u>	<u>\$ 61,374,881</u>	<u>\$ 1,102,718</u>	<u>\$ 1,124,211</u>	<u>\$ 61,530,236</u>	<u>\$ 62,499,092</u>

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Cash Flows Enterprise Funds Years Ended December 31, 2007 and 2006

	Water and Sewer Fund		Brandenburg Memorial Park Fund		Total Enterprise Funds	
	2007	2006	2007	2006	2007	2006
<b>Cash Flows from Operating Activities</b>						
Receipts from customers	\$ 7,760,763	\$ 7,542,261	\$ 75,076	\$ 70,895	\$ 7,835,839	\$ 7,613,156
Payments to suppliers	(7,662,313)	(6,594,808)	(39,045)	(40,396)	(7,701,358)	(6,635,204)
Payments to employees	(2,028,479)	(1,906,181)	(29,488)	(40,211)	(2,057,967)	(1,946,392)
Other payments	(239,438)	(527,719)	(3,105)	2,764	(242,543)	(524,955)
Net cash (used in) provided by operating activities	(2,169,467)	(1,486,447)	3,438	(6,948)	(2,166,029)	(1,493,395)
<b>Cash Flows from Noncapital Financing Activities -</b>						
Transfer to other funds	(5,435)	-	-	-	(5,435)	-
<b>Cash Flows from Capital and Related Financing Activities</b>						
Collection of customer assessments	-	974	-	-	-	974
Contributions from state grants	597,048	-	-	-	597,048	-
Contributions from customers	1,594,077	861,644	-	-	1,594,077	861,644
Principal and interest paid on long-term debt	(693,871)	(717,164)	-	-	(693,871)	(717,164)
Purchase of capital assets	(1,321,148)	(1,415,933)	(6,450)	-	(1,327,598)	(1,415,933)
Net cash provided by (used in) capital and related financing activities	176,106	(1,270,479)	(6,450)	-	169,656	(1,270,479)
<b>Cash Flows from Investing Activities -</b>						
Interest received on investments	757,846	817,460	209	708	758,055	818,168
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,240,950)	(1,939,466)	(2,803)	(6,240)	(1,243,753)	(1,945,706)
<b>Cash and Cash Equivalents - Beginning of year</b>	16,113,886	18,053,352	27,177	33,417	16,141,063	18,086,769
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 14,872,936</b>	<b>\$ 16,113,886</b>	<b>\$ 24,374</b>	<b>\$ 27,177</b>	<b>\$ 14,897,310</b>	<b>\$ 16,141,063</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>						
Cash and cash equivalents	\$ 7,631,550	\$ 9,154,040	\$ 24,374	\$ 27,177	\$ 7,655,924	\$ 9,181,217
Restricted assets	7,241,386	6,959,846	-	-	7,241,386	6,959,846
Total cash and cash equivalents	<b>\$ 14,872,936</b>	<b>\$ 16,113,886</b>	<b>\$ 24,374</b>	<b>\$ 27,177</b>	<b>\$ 14,897,310</b>	<b>\$ 16,141,063</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>						
Operating loss	\$ (3,861,151)	\$ (2,307,851)	\$ (21,702)	\$ (43,012)	\$ (3,882,853)	\$ (2,350,863)
Adjustments to reconcile operating loss to net cash from operating activities:						
Depreciation and amortization	1,727,791	1,729,480	28,245	33,297	1,756,036	1,762,777
Changes in assets and liabilities:						
Receivables	(273,288)	73,089	21	367	(273,267)	73,456
Inventories	(4,359)	(17,214)	-	-	(4,359)	(17,214)
Due from/to other funds	(8,364)	(64,890)	(16)	-	(8,380)	(64,890)
Other assets	453	(2,786)	-	-	453	(2,786)
Accounts payable	181,175	(435,352)	-	2,400	181,175	(432,952)
Accrued and other liabilities	1,536	(10,083)	(3,110)	-	(1,574)	(10,083)
Deferred revenue	66,740	(450,840)	-	-	66,740	(450,840)
Net cash (used in) provided by operating activities	<b>\$ (2,169,467)</b>	<b>\$ (1,486,447)</b>	<b>\$ 3,438</b>	<b>\$ (6,948)</b>	<b>\$ (2,166,029)</b>	<b>\$ (1,493,395)</b>

**Noncash Investing, Capital, and Financing Activities** - During the years ended December 31, 2007 and 2006, developers constructed water and sewer lines with an estimated value of \$256,604 and \$1,286,107, respectively, and donated them to the Township's Water and Sewer Fund.

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Operating Revenues Water and Sewer Fund- Major Enterprise Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Operating Revenues</b>		
Water:		
Project inspection	\$ 48,000	\$ 116,948
Water taps	103,160	202,082
Water sales	3,180,824	3,031,649
Penalties	11,015	63,833
Hydrant rental	84,000	83,440
Miscellaneous	56,601	84,597
Total water	3,483,600	3,582,549
Sewer:		
Contractor's registration	3,675	3,750
Inspection fees	43,750	49,175
Project inspection	162,769	227,269
Sewer disposal revenues	3,650,773	3,519,377
Penalties	11,753	77,783
House rental	7,200	3,891
Miscellaneous	4,744	5,378
Total sewer	3,884,664	3,886,623
Other - Reimbursements	10,363	-
Total operating revenues	<u><u>\$ 7,378,627</u></u>	<u><u>\$ 7,469,172</u></u>



# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement of Operating Expenses Water and Sewer Fund- Major Enterprise Fund Years Ended December 31, 2007 and 2006

	2007	2006
<b>Operating Expenses</b>		
Personnel services:		
Compensation:		
Supervision	\$ 84,384	\$ 83,806
Clerical	176,662	175,871
Operational	1,188,365	1,110,438
Overtime	41,245	35,459
Payroll taxes	100,762	98,337
Hospitalization	309,038	325,518
Life insurance	7,053	8,320
Pension plan	114,966	114,432
Total personnel services	2,022,475	1,952,181
Supplies:		
Office	20,818	16,170
Operating	63,248	48,101
Uniforms	13,155	12,655
Materials:		
Water	163,907	219,302
Sewer	12,579	13,062
Total supplies	273,707	309,290

# Charter Township of Chesterfield

## Other Supplemental Information Comparative Statement Operating Expenses Water and Sewer Fund- Major Enterprise Fund (Continued) Years Ended December 31, 2007 and 2006

	2007	2006
<b>Operating Expenses (Continued)</b>		
Other services and charges:		
Contractual services:		
Water	\$ 3,493	\$ 22,907
Sewer	1,920	16,775
Other	1,202	2,472
Administration	254,260	275,110
Auditing	16,000	20,638
Engineering	393,850	93,549
Legal	42,700	5,120
Dues and association fees	13,103	13,327
Dispatch services	5,990	5,990
Telephone	14,987	17,903
Truck expenses	74,161	77,853
Travel and meeting	1,848	733
Advertising and printing	24,689	17,676
Insurance	217,526	221,428
Utilities	62,964	107,008
Municipal pumping	23,828	22,121
Sewer disposal charges	2,775,596	2,490,897
Water purchases	2,662,337	2,284,076
Repairs and maintenance	598,075	78,454
Building and equipment rent	21,086	8,980
Miscellaneous	6,190	3,055
Depreciation expense - Building addition and improvements	1,727,791	1,729,480
Total other services and charges	8,943,596	7,515,552
Total operating expenses	<u>\$ 11,239,778</u>	<u>\$ 9,777,023</u>

## **Additional Information**

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# Charter Township of Chesterfield

## Additional Information Tax Summary - 2007 Levy

	Adjusted Tax Warrant	Commercial and Industrial Development Exemptions Additions	Tax Spread
<b>School Districts</b>			
Anchor Bay C-2	\$ 9,988,315	\$ 37,109	\$ 10,025,424
L'Anse Creuse F-4	13,748,330	684,728	14,433,058
New Haven H-9	1,588,218	192,545	1,780,763
Total school districts	25,324,863	914,382	26,239,245
<b>State Education Tax</b>	10,991,360	338,467	11,329,827
<b>Macomb County</b> - Taxes including Intermediate District and Community College	17,172,719	341,130	17,513,849
<b>Charter Township of Chesterfield</b>			
Taxes:			
General (operating)	1,476,689	29,332	1,506,021
Fire (operating)	2,538,638	50,429	2,589,067
Fire (equipment)	845,785	16,799	862,584
Police (special assessment)	8,607,911	93,680	8,701,591
Library	1,184,319	23,524	1,207,843
Mandatory sewer - Debt service	5,977	-	5,977
Special assessments:			
Water bills	24,795	-	24,795
Street lighting and weed cutting	69,076	-	69,076
Clean up	18,350	-	18,350
Sewer	745	-	745
Paving	44,221	-	44,221
Weed cutting	65,609	-	65,609
Retention basin	19,931	-	19,931
Co. Crapua & Schmidt Drain	65,125	-	65,125
Total Charter Township of Chesterfield	14,967,171	213,764	15,180,935
Total	<u>\$ 68,456,113</u>	<u>\$ 1,807,743</u>	<u>\$ 70,263,856</u>

# Charter Township of Chesterfield

## Additional Information Statistical Tax Information Years Ended December 31

**Population** - 37,405 residents - Per the 2000 Census

### Water and Sewer Information

Water Customers to Date - 14,259

Sewer Customers to Date - 13,673

Year	Assessed Valuation			County Equalized Valuation	State Equalized Valuation
	Real Property	Personal Property	Total		
1998	\$ 769,640,054	\$ 116,654,686	\$ 886,294,740	\$ 886,294,740	\$ 886,294,740
1999	879,068,266	130,088,511	1,009,156,777	1,009,156,777	1,009,156,777
2000	984,950,317	136,540,929	1,121,491,246	1,121,491,246	1,121,491,246
2001	1,112,258,430	133,904,145	1,246,162,575	1,246,162,575	1,246,162,575
2002	1,230,395,463	133,044,776	1,363,440,239	1,363,440,239	1,363,440,239
2003	1,308,715,438	140,065,580	1,448,781,018	1,448,781,018	1,448,781,018
2004	1,413,346,603	137,992,954	1,551,339,557	1,551,339,557	1,551,339,557
2005	1,531,240,236	131,043,043	1,662,283,279	1,662,283,279	1,662,283,279
2006	1,637,961,934	109,239,860 *	1,747,201,794	1,747,201,794	1,747,201,794
2007	1,728,496,976	111,950,066	1,840,447,042	1,840,447,042	1,840,447,042

\* Decrease in personal property assessed values due to the loss of Visteon, a large taxpayer to the Township

# Charter Township of Chesterfield

## Additional Information Statistical Tax Information (Continued) Tax Rates Years Ended December 31

### Anchor Bay No. C-2

Year	Township					County	School		Homestead Total
	General Operation	Fire Operation	Equipment	Police S.A.	Library		Homestead	Non- homestead	
1998	0.8669	1.4897	0.4966	4.5000	0.6952	8.4111	13.0000	30.6904	29.4595
1999	0.8541	1.4678	0.4892	5.0000	0.6849	8.3621	16.0000	34.0000	32.8581
2000	0.8424	1.4478	0.4825	5.0000	0.6755	8.2895	16.0000	34.0000	32.7377
2001	0.8208	1.4109	0.4701	5.0000	0.6583	8.4219	16.0000	34.0000	32.7820
2002	0.8157	1.4021	0.4672	5.0000	0.6542	9.7018	16.0000	34.0000	34.0410
2003	0.8157	1.4021	0.4672	5.0000	0.6542	9.5780	15.0000	32.8236	32.9172
2004	0.8127	1.3970	0.4655	5.0000	0.6518	9.4778	16.0000	34.0000	33.8048
2005	0.8061	1.3858	0.4617	5.0000	0.6465	9.3758	16.0000	34.0000	33.6759
2006	0.8061	1.3858	0.4617	5.0000	0.6465	9.3743	16.0000	34.0000	33.6744
2007	0.8061	1.3858	0.4617	5.0000	0.6465	9.3743	16.0000	34.0000	33.6744

### New Haven No. H-9

1998	0.8669	1.4897	0.4966	4.5000	0.6952	8.4111	9.4000	27.3496	25.8595
1999	0.8541	1.4678	0.4892	5.0000	0.6849	8.3621	9.0000	26.8670	25.8581
2000	0.8424	1.4478	0.4825	5.0000	0.6755	8.2895	8.3500	26.2170	25.0877
2001	0.8208	1.4109	0.4701	5.0000	0.6583	8.4219	9.1500	26.6578	25.9320
2002	0.8157	1.4021	0.4672	5.0000	0.6542	9.7018	12.3100	29.8178	30.3510
2003	0.8157	1.4021	0.4672	5.0000	0.6542	9.5780	12.0000	29.5420	29.9172
2004	0.8127	1.3970	0.4655	5.0000	0.6518	9.4778	13.0000	31.0000	30.8048
2005	0.8061	1.3858	0.4617	5.0000	0.6465	9.3758	13.0000	30.9073	30.6759
2006	0.8061	1.3858	0.4617	5.0000	0.6465	9.3743	13.0000	31.0000	30.6744
2007	0.8061	1.3858	0.4617	5.0000	0.6465	9.3743	13.0000	31.0000	30.6744

### L'Anse Creuse No. F-4

1998	0.8669	1.4897	0.4966	4.5000	0.6952	8.4111	12.6900	30.6900	29.1495
1999	0.8541	1.4678	0.4892	5.0000	0.6849	8.3621	12.6900	30.6900	29.5481
2000	0.8424	1.4478	0.4825	5.0000	0.6755	8.2895	12.6900	30.6900	29.4277
2001	0.8208	1.4109	0.4701	5.0000	0.6583	8.4219	12.1800	29.8974	28.9620
2002	0.8157	1.4021	0.4672	5.0000	0.6542	9.7018	12.6900	30.6900	30.7310
2003	0.8157	1.4021	0.4672	5.0000	0.6542	9.5780	11.6900	29.6900	29.6072
2004	0.8127	1.3970	0.4655	5.0000	0.6518	9.4778	12.6900	30.6900	30.4948
2005	0.8061	1.3858	0.4617	5.0000	0.6465	9.3758	13.0000	31.0000	30.6759
2006	0.8061	1.3858	0.4617	5.0000	0.6465	9.3743	13.0000	31.0000	30.6744
2007	0.8061	1.3858	0.4617	5.0000	0.6465	9.3743	13.0000	31.0000	30.6744

# Charter Township of Chesterfield

## Additional Information Interest Earned by Fund Year Ended December 31, 2007

	Certificates of Deposit and Savings Accounts	Special Assessments	Total
<b><u>General Fund</u></b>			
Operating	\$ 308,094	\$ 5,394	\$ 313,488
Parks and recreation	671	-	671
Total General Fund	308,765	5,394	314,159
<b><u>Special Revenue Funds</u></b>			
Fire department funds	237,194	-	237,194
Police department	414,753	-	414,753
Building department	36,689	-	36,689
Parks and recreation	9,134	-	9,134
Recreation land acquisition	1,314	-	1,314
Total Special Revenue Funds	699,084	-	699,084
<b><u>Debt Service Funds</u></b>			
Paving Districts 133, 134, and 136	-	408	408
Paving District 138	-	4,899	4,899
Paving District 142	-	2,528	2,528
Paving Districts 140 and 143	-	6,955	6,955
Paving District 148	-	32,947	32,947
Total Debt Service Funds	-	47,737	47,737
<b><u>Enterprise Funds</u></b>			
Brandenburg Memorial Park	209	-	209
Water supply and sewage disposal system:			
Receiving Fund	524,272	1,498	525,770
Contractual Obligation Fund	231,993	-	231,993
Capital project funds - Sewer 21 Mile	37	-	37
Total Enterprise Funds	756,511	1,498	758,009
Total all funds	<u>\$ 1,764,360</u>	<u>\$ 54,629</u>	<u>\$ 1,818,989</u>

# Charter Township of Chesterfield

## Additional Information Insurance in Force Year Ended December 31, 2007

Company	Policy Number	Type of Coverage	Amount of Coverage	Deductible	Term		Annual Premium
					From	To	
Michigan Township Participating Plan	MTP221916	Property	\$ 30,113,430	\$ 500	10/1/2007	10/1/008	\$ 396,416
		Liability	5,000,000	10,000			
		Wrongful acts	5,000,000	10,000			
		Automobile	5,000,000	-			
		Crime	10,000	-			
		Law enforcement	5,000,000	10,000			
		Inland marine	2,142,445	500			
		Boiler	2,000,000	250			
		Bond	100,000	-			
		EDP	600,000	500			
Michigan Municipal Workers' Compensation Self-insurer's Fund		Workers' compensation	State Law		7/1/2007	6/30/2008	409,244
Provident Insurance		Volunteer firemen program accident and disability	Various		7/1/2007	6/30/2008	3,176



# Charter Township of Chesterfield

## Additional Information Bonds Payable - Combined All Districts Year Ended December 31, 2007

	Original Issue	Previous Years	Current Year	Balance Outstanding December 31, 2007
<b><u>Special Assessment Bonds</u></b>				
Paving District 138	\$ 655,000	\$ 375,000	\$ 70,000	\$ 210,000
Paving District 142	150,000	70,000	15,000	65,000
Paving Districts 140 and 143	345,000	125,000	40,000	180,000
Paving District 148	<u>1,475,000</u>	<u>400,000</u>	<u>150,000</u>	<u>925,000</u>
Total	<u><b>\$ 2,625,000</b></u>	<u><b>\$ 970,000</b></u>	<u><b>\$ 275,000</b></u>	<u><b>\$ 1,380,000</b></u>

# Charter Township of Chesterfield

## Additional Information Bonds Payable - By Districts December 31, 2007

### Special Assessment Paving Bonds District 138

Dated - October 1, 2000  
Interest Payable - May 1 and November 1

Bond Number	Interest Rate	Maturity Date - May 1	Amount Maturing Annually
8	5.10%	2008	\$ 70,000
9	5.15%	2009	70,000
10	5.20%	2010	70,000
Total			<u><u>\$ 210,000</u></u>

### Special Assessment Paving Bonds District 142

Dated - November 1, 2001  
Interest Payable - May 1 and November 1

Bond Number	Interest Rate	Maturity Date - May 1	Amount Maturing Annually
7	4.25%	2008	\$ 15,000
8	4.25%	2009	15,000
9	4.25%	2010	15,000
10	4.25%	2011	20,000
Total			<u><u>\$ 65,000</u></u>

# Charter Township of Chesterfield

## Additional Information Bonds Payable - By District (Continued) December 31, 2007

Special Assessment Paving Bonds  
Districts 140 and 143

Dated - August 1, 2002  
Interest Payable - February 1 and August 1

Bond Number	Interest Rate	Maturity Date - May 1	Amount Maturing Annually
6	4.13%	2008	\$ 35,000
7	4.25%	2009	35,000
8	4.25%	2010	40,000
9	4.40%	2011	35,000
10	4.50%	2012	35,000
Total			<u>\$ 180,000</u>

Special Assessment Paving Bonds  
District 148

Dated - January 1, 2004  
Interest Payable - April 1 and October 1

Bond Number	Interest Rate	Maturity Date - May 1	Amount Maturing Annually
5	2.40%	2008	\$ 150,000
6	2.65%	2009	150,000
7	2.90%	2010	150,000
8	3.15%	2011	150,000
9	3.38%	2012	150,000
10	3.50%	2013	175,000
Total			<u>\$ 925,000</u>

## Charter Township of Chesterfield

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### **Additional Information Combined Special Assessment Bond Indebtedness (Principal and Interest) December 31, 2007**

<u>Years Ending December 31</u>	<u>Paving Bonds</u>
2008	\$ 316,336
2009	307,046
2010	302,216
2011	223,682
2012	196,976
2013	<u>181,126</u>
Total	<u><u>\$ 1,527,382</u></u>

# Charter Township of Chesterfield

## Additional Information Assessments Payable - Combined All Districts Year Ended December 31, 2007

	Retired		Balance
	Original	Previous	Outstanding
	Assessments	Year	December 31,
			2007
<b><u>Public Act 342 Assessment</u></b>			
Waste Water Disposal District - Extension dated May 1, 1988	<b><u>\$ 1,829,274</u></b>	<b><u>\$ 1,648,000</u></b>	<b><u>\$ 181,274</u></b>
			<b><u>\$ -</u></b>

The above assessment schedule is the result of bonds sold under Public Act 342 (Chesterfield Portion) by the County of Macomb Drain Commission and are secured by the full faith and credit the County. The Township in turn has pledged its full faith and credit to the County to guarantee repayment to the County.

## Charter Township of Chesterfield

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### **Additional Information Other Debt December 31, 2007**

Police building	\$ 1,715,000
Water and sewer improvements	1,026,944
D.P.W. building	6,038,500
Fire station #3	3,251,500
Police renovation	<u>1,500,000</u>
Total other debt	<u><u>\$ 13,531,944</u></u>

# Charter Township of Chesterfield

## Additional Information Other Debt - By Component December 31, 2007

### Police Building

Dated - February 10, 2000

Interest and Principal Payable - August 1 and February 1

Payment Number	Interest Rate	Year	Amount Maturing Annually
16-17	6.10%	2008	\$ 165,000
18-19	6.10%	2009	175,000
20-21	6.10%	2010	175,000
22-23	6.25%	2011	200,000
24-25	6.25%	2012	225,000
26-27	6.25%	2013	250,000
28-29	6.25%	2014	250,000
30	6.25%	2015	<u>275,000</u>
Total			<u><u>\$ 1,715,000</u></u>

# Charter Township of Chesterfield

## Additional Information Other Debt - By Component (Continued) December 31, 2007

Water and Sewer Improvements

Dated - September 28, 1995  
Interest Payable - April 1 and October 1

Payment Number	Interest Rate	Year	Amount Maturing Annually
12	2.25%	2008	\$ 102,694
13	2.25%	2009	107,585
14	2.25%	2010	107,585
15	2.25%	2011	112,475
16	2.25%	2012	112,475
17	2.25%	2013	117,365
18	2.25%	2014	122,255
19	2.25%	2015	122,255
20	2.25%	2016	122,255
Total			<u>\$ 1,026,944</u>



# Charter Township of Chesterfield

## Additional Information Other Debt - By Component (Continued) December 31, 2007

D.P.W. Building

Dated - December 1, 2003  
Interest Payable - April 1 and October 1

Payment Number	Interest Rate	Year	Amount Maturing Annually
4	5.25%	2008	\$ 130,000
5	5.25%	2009	195,000
6	3.25%	2010	195,000
7	3.50%	2011	260,000
8	3.75%	2012	325,000
9	4.00%	2013	325,000
10	3.55%	2014	390,000
11	3.65%	2015	390,000
12	3.80%	2016	390,000
13	3.90%	2017	390,000
14	4.00%	2018	390,000
15	4.00%	2019	455,000
16	4.10%	2020	520,000
17	4.20%	2021	552,500
18	4.30%	2022	585,000
19	4.38%	2023	<u>546,000</u>
Total			<u><u>\$ 6,038,500</u></u>

# Charter Township of Chesterfield

## Additional Information Other Debt - By Component (Continued) December 31, 2007

Fire Station #3

Dated - December 1, 2003  
Interest Payable - April 1 and October 1

Payment Number	Interest Rate	Year	Amount Maturing Annually
4	5.25%	2008	\$ 70,000
5	5.25%	2009	105,000
6	3.25%	2010	105,000
7	3.50%	2011	140,000
8	3.75%	2012	175,000
9	4.00%	2013	175,000
10	3.55%	2014	210,000
11	3.65%	2015	210,000
12	3.80%	2016	210,000
13	3.90%	2017	210,000
14	4.00%	2018	210,000
15	4.00%	2019	245,000
16	4.10%	2020	280,000
17	4.20%	2021	297,500
18	4.30%	2022	315,000
19	4.38%	2023	<u>294,000</u>
Total			<u><u>\$ 3,251,500</u></u>

# Charter Township of Chesterfield

## Additional Information Other Debt - By Component (Continued) December 31, 2007

2007 Capital Improvement Bonds

Dated - October 10, 2007  
Interest Payable - April 1 and October 1

Payment Number	Interest Rate	Year	Amount Maturing Annually
1	4.00%	2008	\$ 50,000
2	4.00%	2009	50,000
3	4.00%	2010	50,000
4	4.00%	2011	50,000
5	4.00%	2012	50,000
6	4.00%	2013	50,000
7	4.00%	2014	50,000
8	4.00%	2015	50,000
9	4.00%	2016	75,000
10	4.25%	2017	75,000
11	4.00%	2018	75,000
12	4.00%	2019	75,000
13	4.00%	2020	100,000
14	4.00%	2021	100,000
15	4.10%	2022	100,000
16	4.10%	2023	100,000
17	4.10%	2024	100,000
18	4.15%	2025	100,000
19	4.15%	2026	100,000
20	4.15%	2027	100,000
Total			<u>\$ 1,500,000</u>

# Charter Township of Chesterfield

## Additional Information Combined Other Indebtedness (Principal and Interest)

Years Ending December 31	Police Building	Water/Sewer Improvement	D.P.W. Building	Fire Station #3	Police Renovation	Total
2008	\$ 266,383	\$ 124,645	\$ 369,753	\$ 199,098	\$ 109,937	\$ 1,069,816
2009	266,012	127,170	426,221	229,504	107,938	1,156,845
2010	255,338	124,749	417,934	225,041	105,937	1,128,999
2011	268,750	127,164	475,215	255,885	103,938	1,230,952
2012	280,469	124,633	529,571	285,154	101,937	1,321,764
2013	290,625	126,938	516,978	278,373	99,938	1,312,852
2014	275,000	129,132	568,555	306,145	97,937	1,376,769
2015	283,594	126,381	554,515	298,585	95,938	1,359,013
2016	-	123,631	539,988	290,763	118,437	1,072,819
2017	-	-	524,973	282,678	115,344	922,995
2018	-	-	509,568	274,383	112,250	896,201
2019	-	-	557,668	300,283	109,250	967,201
2020	-	-	602,908	324,643	130,750	1,058,301
2021	-	-	613,145	330,115	126,750	1,070,010
2022	-	-	621,465	334,635	122,700	1,078,800
2023	-	-	557,944	300,431	118,600	976,975
2024	-	-	-	-	114,500	114,500
2025	-	-	-	-	110,375	110,375
2026	-	-	-	-	106,225	106,225
2027	-	-	-	-	102,075	102,075
Total	<u>\$ 2,186,171</u>	<u>\$ 1,134,443</u>	<u>\$ 8,386,401</u>	<u>\$ 4,515,716</u>	<u>\$ 2,210,756</u>	<u>\$ 18,433,487</u>

# **Charter Township of Chesterfield, Michigan**

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**Federal Awards  
Supplemental Information  
December 31, 2007**

# Charter Township of Chesterfield, Michigan

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Chesterfield, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Chesterfield (the "Township") as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 3, 2008. Those basic financial statements are the responsibility of the management of the Township. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

June 3, 2008

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

To the Board of Trustees  
Charter Township of Chesterfield, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Chesterfield (the "Township") as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



To the Board of Trustees  
Charter Township of Chesterfield, Michigan

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Township's response to the significant deficiencies identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's board, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

June 3, 2008

Report on Compliance with Requirements Applicable to Each Major Program  
and on Internal Control Over Compliance in Accordance  
with OMB Circular A-133

To the Board of Trustees  
Charter Township of Chesterfield, Michigan

## Compliance

We have audited the compliance of the Charter Township of Chesterfield with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The major federal programs of the Township are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

### **Internal Control Over Compliance**

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Township's board, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

June 3, 2008

# Charter Township of Chesterfield, Michigan

## Schedule of Expenditures of Federal Awards December 31, 2007

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development - Passed through Macomb County - Community Development Block Grant (major program):			
Program year 2003	14.218	\$ 46,464	\$ 46,464
Program year 2004	14.218	93,500	93,500
Program year 2005	14.218	80,422	79,222
Program year 2006	14.218	77,350	33,247
Program year 2007	14.218	77,350	<u>55,326</u>
Total Community Development Block Grant			307,759
U.S. Department of Defense - Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation - Seville Manor (major program)	12.607	277,770	277,770
U.S. Department of Health and Human Services - Passed through the Centers for Disease Control and Prevention - Investigations and Technical Assistance - Passed through Macomb County Health Department - 2007 Cities Readiness Initiative	93.283	7,687	7,687
U.S. Department of Transportation - Passed through Macomb County State and Community Highway Safety	20.600	10,938	10,938
U.S. Department of Homeland Security - Direct Funded Fire Equipment - Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	600,000	45,603
U.S. Department of Justice - Direct Program - Federal Equitable Sharing Program	16.unknown	102	<u>102</u>
Total federal awards			<u>\$ 649,859</u>

# Charter Township of Chesterfield, Michigan

## Schedule of Expenditures of Federal Awards December 31, 2007

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of Chesterfield and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 4,000

# Charter Township of Chesterfield, Michigan

## Schedule of Findings and Questioned Costs December 31, 2007

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiency identified that is not considered to be a material weakness? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major program(s):

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiency identified that is not considered to be a material weakness? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

CFDA Numbers	Name of Federal Program
12.607	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation (CEAA)
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

# Charter Township of Chesterfield, Michigan

## Schedule of Findings and Questioned Costs (Continued) December 31, 2007

### Section II - Financial Statement Audit Findings

Reference Number	Findings
2007-1	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - Management's goal is to adequately recognize revenue in accordance with governmental accounting standards. Those standards require recognition in the period earned, not the period collected (i.e., on an accrual basis, not on a cash basis).</p> <p><b>Condition</b> - The process related to recognizing revenue in the correct period had an impact on the Township and the Local Redevelopment Authority's financial reporting. Revenues that were earned in prior year but received in the current year were recorded in the current year's accounting records at the initiation of the audit process. After discussion with management during the audit, these transactions are now appropriately recorded.</p> <p><b>Context</b> - These amounts relate to the Local Redevelopment Authority and are material.</p> <p><b>Effect</b> - Revenue was overstated in the preliminary accounting records.</p> <p><b>Cause</b> - The Local Redevelopment Authority's accounting records are currently on a cash basis.</p> <p><b>Recommendation</b> - Although we understand that it is not practical to keep the books and records on an accrual basis all year, we recommend that the Local Redevelopment Authority, at year end, convert its trial balance from a cash accounting method to an accrual accounting method.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Township concurs with the recommendation and has already begun to put a process in place to address the issue.</p>

# Charter Township of Chesterfield, Michigan

## Schedule of Findings and Questioned Costs (Continued) December 31, 2007

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2007-2	<p><b>Finding Type</b> - Significant deficiency</p> <p><b>Criteria</b> - Management's goal is to appropriately record adjustments related to retained earnings</p> <p><b>Condition</b> - The process related to posting year-end adjusting entries to retained earnings had an impact on the Township's financial reporting. The entry was inadvertently posted in the opposite direction and fund balance was overstated. After discussion with management during the audit, this transaction is now appropriately recorded.</p> <p><b>Context</b> - This amount related to the Police Fund is significant.</p> <p><b>Effect</b> - The fund balance was overstated in the accounting records.</p> <p><b>Cause</b> - The entry was inadvertently recorded in the opposite direction and the entry was not reviewed by an independent individual.</p> <p><b>Recommendation</b> - We recommend that a second individual review all manual journal entries for propriety in order to help detect these instances of human error.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Township concurs with the recommendation and has already begun to put a process in place to address the issue.</p>

### Section III - Federal Program Audit Findings

None



# **Charter Township of Chesterfield, Michigan**

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**Report to the Board of Trustees**

**December 31, 2007**

To the Board of Trustees  
Charter Township of Chesterfield

We have recently completed our audit of the basic financial statements of the Charter Township of Chesterfield (the "Township") and the Local Redevelopment Authority (LRA) for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Township:

	<u>Page</u>
Results of the Audit	I-4
Informational Legislative Comment	5-9

We are grateful for the opportunity to be of service to the Township. Should you have any questions regarding the comments in this report, please do not hesitate to call.

*Plante & Moran, PLLC*

June 3, 2008 (Basic Financial Statements)

June 20, 2008 (Local Redevelopment Authority Financial Statements)

## Results of the Audit

June 3, 2008 (Basic Financial Statements)

June 20, 2008 (Local Redevelopment Authority Financial Statements)

To the Board of Trustees  
Charter Township of Chesterfield

We have audited the financial statements of the Charter Township of Chesterfield (the "Township") and the Local Redevelopment Authority (LRA) for the year ended December 31, 2007 and have issued our reports thereon dated June 3, 2008 and June 20, 2008, respectively. Professional standards require that we provide you with the following information related to our audit.

### **Overview**

As the independent auditors of the Township, we wish to thank the administration and the financial staff for the assistance provided to us during the course of the audit. As an overall comment, we were very pleased with the general condition of the financial books and records. We are aware that the finance department experienced significant restructuring during the past year which added a degree of complication to this year's audit. As little as two years ago, the Township's auditors were responsible for posting in excess of 50-plus journal entries during the audit process. Through advanced preparation and pre-audit discussions, the number of journal entries posted during this year's audit was minimal (less than five). We commend the Township's financial staff for the improvements made in this area and the high degree of cooperation we received during the performance of our audit procedures.

For this year's audit, the American Institute of Certified Public Accountants (AICPA) requires additional specific wording regarding various aspects of the audit to "those charged with governance." Many of the items which follow in this letter are simply a requirement of this new audit standard.

### **Our Responsibility Under United States Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 26, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Chesterfield and the LRA. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Charter Township of Chesterfield and the LRA's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Charter Township of Chesterfield's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated June 3, 2008 regarding our consideration of the Charter Township of Chesterfield and the LRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

We are also obligated to communicate certain matters related to our audit to those responsible for the governance of the Charter Township of Chesterfield and the LRA, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* requires disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. Those disclosures are described in the federal awards audited financial statements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 28, 2008.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Chesterfield and the LRA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

To the Board of Trustees  
Charter Township of Chesterfield

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates in the Township's financial statements.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We noted that there were no uncorrected misstatements in the current year.

### **Disagreements with Management**

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management's Representations**

We have requested certain representations from management that are included in the management representation letters dated June 3, 2008 (Basic Financial Statements) and June 20, 2008 (Local Redevelopment Authority Financial Statements).

### **Management's Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Trustees  
Charter Township of Chesterfield

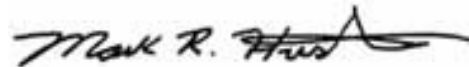
**Other Audit Findings or Issues**

In the normal course of our professional association with the Township we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Township's auditors.

This information is intended solely for the use of the Board of Trustees and management of the Charter Township of Chesterfield and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in black ink, appearing to read "Mark R. Hurst", with a stylized flourish at the end.

Mark R. Hurst

## **Informational/Legislative Comment**

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## **Informational/Legislative Comments**

### **Treasurer's Report on Investments**

A new law was passed in December 2007 for reporting on investments to the board. The treasurer is now required to report on investments at least quarterly. While the law proscribes no minimum information requirements, we feel that the report should include a list of investments with the financial institution each is issued through, the amount, and perhaps the stated interest rate.

### **Property Tax Revenue**

Property taxes have consistently been the Township's largest revenue source. With the continuing downturn in the real estate market, the legislature is picking up some bills that were proposed back in 2007 that they hope will help spur sales. This includes potential legislation that would adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the "pop-up" or increase in taxable value that occurs when a property sells or a "super cap" on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the Township. We will keep you informed as significant events unfold.

In addition, the Township needs to be aware of the potential financial impact of reduced housing market values. Currently, property tax assessments are being completed for the 2008 tax year and tax rolls will not be finalized until May 2008. However, early indications are that declines in market values (state equalized value) may threaten the inflationary growth in taxable value that communities had been experiencing following the passage of Proposal A. It is important to understand the connection between market value declines and taxable value declines. On the one hand, a reduction in SEV (state equalized value) will not immediately result in an equivalent reduction in TV (taxable value, which is what the tax bills are now based on). The reason for this is that TVs were held down in those years since 1994 when property values increased faster than inflation; now that they are increasing less than inflation (or decreasing). Proposal A allows the TVs to continue increasing at the inflationary rate, up until the point that TV meets SEV. While some properties have already met this ceiling, the majority have not, and for this reason many communities expect 2008 TV in total to increase or decrease only slightly. However, it is important to understand that if the market downturn continues, more and more properties will hit this ceiling where TV meets SEV, and the impact will be more drastic each year we go forward. We caution the Township to keep this in mind as it begins its 2009 budget deliberations.



### **State-shared Revenue**

State-shared revenue continues to be the Township's second largest revenue source. Due to State budget issues, the Township has seen a 15 percent decline over the last five years. The governor's 2009 budget is anticipating another decline in total sales tax collections, which will result in reduced constitutional state-shared revenue. However, the governor is proposing a 4 percent increase in the statutory portion. The resulting total state-shared revenue for the Township would increase slightly, by less than 1 percent. Prior to beginning the 2009 budget cycle, you should check in with us or with the Michigan Townships Association to verify any changes that will take place between now and then. However, the tone in Lansing is more positive than it has been in several years.

### **Retiree Healthcare Benefits**

As you are aware, the Governmental Accounting Standards Board (GASB) has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will be effective for the Township's 2009 calendar year. The pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare benefits. The intent of the new rules is to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid.

During the current year (in anticipation of these new rules), the Township transferred the funds previously held in a separate trust fund to MERS and provided approximately \$1,116,000 of funding for future expenses. The transfer of the funds to MERS allows the Township the opportunity to invest these dollars in accordance with the Public Employees Retirement Investment Act, which should significantly reduce the long-term burden of funding retiree healthcare costs.

As the implementation date is drawing near, an actuarial study will need to be updated to meet the requirements of GASB No. 45 that the study be performed no earlier than two years prior to the beginning of the year of implementation (no earlier than January 1, 2009 for the Township). An updated actuarial report will also assist the Township in budgeting for future payments and determining to what extent the annual required contributions determined by the actuary will be made.

### **Overview of the Township's Financial Condition**

We noticed a multi-year trend in the Building Fund, the Water and Sewer Fund, and the Fire Operating Fund of expenditures in excess of revenues. Given the state of the economy over the last few years, the Township must be cognizant of the significant depletion of fund balance in each of these funds. During the most recent budget process, the Township board continued its effort to address these issues. We would encourage the board to keep a close eye on the fund balance situation in each one of these funds and monitor the progress during the year. We would be happy to assist the board in any capacity that it deems appropriate in relation to keeping these funds in a positive fund balance position.

### **Local Redevelopment Authority**

During the current year, we noted that the records of the Local Redevelopment Authority (LRA) are being kept on a cash basis. Due to the size and complexity of this entity, it seems appropriate that the books and records are kept in this manner. An entry was made at the end of the year to adjust the books and records from the cash basis of accounting to the full accrual basis of accounting in order to comply with generally accepted auditing principles.

We also noted during the federal awards audit that the LRA does not maintain adequate supporting documentation relating to the reporting requirements and the reimbursement requests submitted to the federal government. We understand the LRA maintains a solid relationship with the government agency and has flexibility and governmental oversight throughout the process of producing these financial reports. It was recommended that the LRA maintains clear supporting documentation of the financial records to be able to substantiate the understanding of the uses and obligations of these federal funds and, as of the date of this report, the administration has already begun implementing these procedures.

### **Economic Development Corporation**

In the current year, we performed the audit of the Economic Development Corporation (EDC). EDC numbers were reported in conjunction with the basic financial statements as a discretely presented component unit to emphasize that it is legally separate from the Township.

### **Special Assessment Districts**

Special assessment districts represent a very common form of financing for select capital improvements by all municipalities. Upon completion of a special assessment project (including the extinguishment of all related debt), municipalities are to perform a final calculation to determine if the amount collected by the district was more than was necessary to fund the related project. If an excess amount was collected, it may be necessary to issue a refund to the current homeowner. Due to the long-term nature of the debt and resident receivables utilized to finance these activities, this final calculation is often performed many years after the completion of the construction phase of the project. Furthermore, the administering community is permitted an appropriate administrative charge to these projects, prior to determining if a resident refund is necessary. As of year end, the Township had a number of special assessment districts which have final debt payments and receivable collections scheduled for the near future. We do not believe that any potential liability resulting from these refunding situations would be significant. However, we recommend that the Township's financial staff continue to perform detailed analysis of these districts to determine if a resident refund is necessary.

### **Accounting Matters**

- **Beginning Fund Balance** - We noted that the beginning fund balance for the Police Fund did not agree to ending fund balance in 2006. The difference related to an entry to record retro-wages that was posted in reverse which we identified through performance of our standard audit procedures. We recommend that the Township review fund balance at the beginning of the year to ensure that fund balance matches the Township's financial statements.
- **Duplicate Payment** - During the year, a duplicate payment was erroneously made to a vendor. The vendor was not using an invoice number on the request for payment sent to the Township. The Township's system looks for invoice numbers when checking for duplicate payments. Since this incident has occurred, the Township has put procedures in place with this vendor to ensure that this situation does not occur again.
- **Contributions** - It is our understanding that, during the year, the employee contributions and related employer match related to two payrolls for the defined contribution plan were not remitted timely. This was detected by the Township's staff. Once it was detected, procedures were put in place and responsibilities were reallocated to help ensure that this problem would not reoccur.

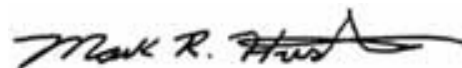
### **Closing**

In addition to the comments and recommendations in this letter, our observations and comments regarding the Township's internal controls, including any significant deficiencies and material weaknesses that we identified, have been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report is included in the federal awards supplemental information (the single audit report), and we recommend that the matters we have noted there receive your careful consideration.

We would like to thank the Township's board for the opportunity to serve as auditors for the Township. We would also like to express our appreciation for the courtesy and cooperation extended to us by the Township's administration during the audit. If you would like to discuss any of these matters, or would like assistance in their implementation, please contact us.

Very truly yours,

**Plante & Moran, PLLC**



Mark R. Hurst



Pamela L. Hill